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Report to Congress
Industrial Cost Recovery
Volume III. Exhibits

Coopers and Lybrand, Washington, DC

Prepared for

Environmental Prortection Agency, Washington, DC Office of Water Program Operations

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United States
Environmental Protection
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Water

EPA

Report to Congress Industrial Cost Recovery

Volume III — Exhibits

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16. ABSTRACT

This document presents the U.S. Environmental Protection Agency's final report to the Congress on its Industrial Cost Recovery Study as directed by the Congress in Section 75 of Public Law 95-217, the Clean Water Act of 1977. This provision of the statute requres EPA to study the "efficiency of, and need for" the repayment by industry of that portion of the EPA grant used for construction of industrial capacity in publicly-owned wastewater treatment systems, and requires EPA to report the results of the study to the Congress by December 31, 1978. The final report consists of seven volumes:

Volume III - Exhibits

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SCOPE OF WORK

Industrial Cost Recovery Study

EPA Contract 68-01-4801

Objective

The primary objective of this study is to examine -- with full public participation -- the efficiency of, and need for, the industrial cost recovery provisions of the Federal Water Pollution Control Act. This objective shall be met through work divided into three phases:

- Develop study methodology.
- Compile needed information.
- Data analysis and report preparation.

Phase I - Development of Study Methodology

The contractor shall develop a detailed study methodology, which shall include the following tasks:

- Conduct a preliminary literature survey, including
    - EPA economic impact assessments,
    - EPA's "Cost to Industries data bases,
    - Potentially applicable programs, and
    - availability of relevant software packages.
- Design preliminary analytic approaches to examine the issues that shall be addressed in this study, including
    - policy analysis,

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  - economic impact analysis,
  - benefit/cost analysis,
  - sensitivity analysis, and
  - sample computations.
- Define basic data requirements, including
  - EPA and grantee data available to address issues that must be examined,
  - data that must be obtained from industries and other sources, and
  - secondary data requirements.
- Establish documentation plan, including
  - design of survey form
  - development of file structure and index, and
  - provision for hearing transaction, written communications and telephone calls.
- Establish a public participation plan including
  - preparation of information materials,
  - communication with relevant "publics",
  - communication with industries and their trade associations,
  - schedule of public meetings, and
  - schedule of hearings.

Establishment of the public participation and education program shall be given early attention.

Phase II - Compile Needed Information

The contractor shall develop an information base that will permit analysis of at least the following issues:

- Combined and incremental impacts of user charges and ICR costs on five industries and on industries in thirty selected urban and non-urban communities.
- Cost of ICR to industry
  - by industry group,
  - by geographic locations (state/regional levels),
  - urban vs. rural,
  - as function of prevailing level of unemployment,
  - incremental cost of collecting ICR over that required for user chargers,
  - old city versus new, and
  - P. L. 92-500 projects versus P. L. 84-660.
- Cost of ICR monitoring and enforcement.
- Benefits to industry from ICR "interest free" loans.
- ICR costs as percentage of total expenses to industry.
- Comparison of industrial sewerage cost in POTW* vs direct discharge.
- Impact of ICR on selected national industrial growth patterns.
- Level of business closures caused by ICR.
- Impact of ICR on selected inter-industry competition.

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* Publicly Owned Treatment Work

- Impacts of ICR exemptions, including impacts related to
    - levels of flow,
    - revenues forgone, and
    - costs of grantee administration.
- Impact of ICR on
    - employment
    - export/import balance,
    - local tax base,
    - water conservation by industry,
    - small business, and
    - economics of scale,
- Encouragement of cost-effective solutions to water pollution by ICR.
- Alternative methods of excluding solutions to water pollution by ICR.
- Extent of ICR cost disparities within Standard Metropolitan Statistical Areas, or within 50 miles of such areas.
- Relative costs of ICR for treatment plants operating at secondary level of treatment and plants operating at advanced levels of treatment.
- Alternative methods of achieving ICR parity where disparities exist.
- Local government impacts of ICR:
    - revenues produced
    - incremental costs
    - other issues
        - .. Dry industry exclusion.
        - .. Seasonal flow issue.

  - Alternative bases for inclusion in ICR (i.e., other than SIC code).
  - Critical review of Appendix A of ICR guidelines.
  - Analysis of grant payments for system development.

The contractor shall structure its study methodology to address, in part, the nine questions posed by Congressman Roberts during debate on the ICR study amendment (page H12921 of the Congressional Record, December 15).

The data to satisfy the issues shall be obtained primarily through extensive survey of not less than 200 approved ICR systems, a survey of at least 20 communities with potential ICR problems and between 5 and 8 industries affected by ICR. Not less than 10 case studies shall be made of communities that hold high potential of providing valuable insights into the most significant issues examined. Such studies shall include data from:

- interviews with grantees,
- interviews with industries,
- interviews with citizen groups, and
- interviews with public "decision-makers"

The field survey effort, which shall not require OMB clearance, shall proceed through the following steps:

- Design data instruments, including
  - questionnaire for grantees, and
  - questionnaire for industries.

- Develop interviewer guide that will
  - maintain data comparability, and
  - ensure ease of data reduction and computer storage.
- Prepare survey plan to
  - ensure optimum use of field staff time,
  - make optimum use of travel budget, and
  - provide data in sequence needed.
- Orient field staff by
  - providing a field staff package of relevant materials, and
  - conducting a one-day briefing session.
- Conduct pretest of data collecting methodology in one EPA region, including
  - about 20 on-site visits to grantees, and
  - telephone interviews with both ICR and non-ICR cities.
- Modify data instruments, guidance, etc., to reflect experience gained from pre-test.
- Conduct survey of remaining EPA regions, including
  - a minimum of 5 on-site visits to grantees, per region,
  - contact with at least 10 non-ICR cities in each region, and
  - contact by visit or telephone a sample of industries to be selected by criteria approved by Project Officer.
- Summarize results and reduce data for the analytic phase of the study.

In addition to data obtained through the field survey, the Contractor shall make use of other data sources, where appropriate, including;

. . . 7<

- EPA industrial economic impact assessments.
- EPA's UC/ICR study (underway).
- Industry pollution control models.
- Census of Manufacturers.
- Dun and Bradstreet's DMI files
- Trade association studies and surveys

The Project officer shall specify which data and operations to be performed shall be automated. The resulting data base shall be given to EPA upon completion of the study.

The contractor shall prepare materials for, and participate in, public review meetings to be in Washington on or about June 1, and August 1.

Phase III - Data Analysis and Report Preparation

The preliminary analytic approaches developed in Phase I shall be revised in light of insights developed during the data collection phase. A sample analytical run shall then be performed, including statistical tests, sample computation and the computation of cross elasticities. These shall be reviewed from a number of viewpoints, not limited to the following:

- Sensitivity analysis.
- Analysis of strengths and weaknesses.
- Definition of limits of applicability.
- Responsiveness to objectives of the study.

The review may result in the deletion of some analyses, addition of others, augmentation of input data, revision of output formats, etc: The Project Officer must approve any adjustments.

After adjustments have been made, preliminary detailed analysis shall be conducted using the automated data base (ADB). The Project Officer shall approve any adjustments.

The contractor shall prepare material for, and participate in, a public review meeting to be held in Washington on or about September 1, 1978.

The contractor shall prepare materials necessary to suppport public hearings, including 100 copies of the first draft final report, report summaries, visual aids and handouts.

Ten public hearings will then be held. The Contractor shall attend and participate in each of these hearings.

Revised 7/18/78

U. S. ENVIRONMENTAL PROTECTION AGENCY
LEGISLATIVE STUDY OF INDUSTRIAL COST RECOVERY

Grantee Information Form

I. GENERAL DESCRIPTION

A. Identifying Data:

State City Business, Industry or Public Group Number

(01)* C&L Reference Number: ¦1,4¦ , ¦ , , , ¦ , , , ¦

(02) Name of Grantee ¦ , ¦

(Street/Box #)

(03A) Mailing Address ¦ , ¦

(03B) Mailing Address ¦ , ¦

(04A) City: ¦ , , , , , , , , , , , , , ¦ (04B) State: ¦ , ¦ (05) ZIP Code ¦ , , , , ¦

(06) EPA Region ¦ , ¦ (07)* SMSA ¦ , , , , , , , , ¦

B. Reference Data:

Survey Form Prepared By: ____________ (C&L Consultant)

On Date: ____________

Encoded On Date:* ____________

By: ____________

Grantee Contacts:

Name: ____________ Telephone: (__) ________

Title: ____________ Date Interviewed: ________

Name: ____________ Telephone: (__) ________

Title: ____________ Date Interviewed: ________

Name: ____________ Telephone: (__) ________

Title: ____________ Date Interviewed: ________

*To be entered by C&L.

C. Brief Description of the Grantee's Treatment Works:

(08) Age of Sewerage System: |_|_|

01 = Old (No P.L. 92-500 Funds)
02 = New (Includes/Anticipates 92-500 Funds)

Design Capacity:

(09) Flow |_|_|_|_| MGD (10) BOD |_|_|_|_|_|_|_|_| lbs./day

(11) SS |_|_|_|_|_|_| lbs./day (12) COD |_|_|_|_|_|_|_|_| lbs./day (12A) Other |_|_|_|_|_|_| lbs./day

Peak Capacity:

(13) Flow |_|_|_|_|_|_|_| MGD

Percentage of Design Capacity Presently Used:

(13A) Flow |_|_|_| %

(14) Treatment Level Prior to EPA Grant |_|_|

(15) Treatment Level Which Will Result From EPA Grant |_|_|

01 = Primary
02 = Advanced Primary
03 = Secondary
04 = Advanced Secondary
05 = Tertiary (AWT)
06 = Other

(16) Treatment Process |_|_|

01. Primary Only
02. Activated Sludge (Including Nitrification)
03. Trickling Filter
04. Lagoons/Ponds
05. Chemical (with Primary)
06. Biological Treatment with Chemical Coagulation
10. Chemical for Phosphorus Removal (AWT)
11. Biological Nitrogen Removal (AWT)
12. Physical-Chemical Nitrogen Removal (AWT)
13. Carbon Absorption - (AWT)
14. Filtration (AWT)
15. Bio Disc
16. ABF
17. Oxidation Ditch
18. Other/Combination - Comment Below

Retail: Estimated Number of Customers Served Directly |_|_|_|_|_|_| (1,000s) (17)

Wholesale: Estimated Number of Customers Served Indirectly |_|_|_|_|_|_| (1,000s) (18)

	(1,0000s)	
Total EPA Grants:		
awarded to date	$|_|_|_|_|_|_|_|_|_|	(19)
anticipated	$|_|_|_|_|_|_|_|_|_|	(20)
Local Share of Capital Costs:		
spent to date	$|_|_|_|_|_|_|_|_|_|	(21)
anticipated	$|_|_|_|_|_|_|_|_|_|	(22)
Other Non Local Sources of Funds:		
state - spent and anticipated	$|_|_|_|_|_|_|_|_|_|	(23)
county - spent and anticipated	$|_|_|_|_|_|_|_|_|_|	(24)
other - spent and anticipated	$|_|_|_|_|_|_|_|_|_|	(25)
Total Estimated Cost of Upgrading/Expanding Treatment and Collection System - all sources	$|_|_|_|_|_|_|_|_|_|	(26)

Method of Funding Local Share of Capital Costs: |_|_| (27)

01 = G.O. Bonds
02 = Revenue Bonds
03 = Special Assessment
04 = Pay As You Go
05 = Other/Combination
(Explain: ____________)

Other Comments:

____

____

____

____

____

III. UC/ICR RATE DATA

Grantee's Annual Wastewater Treatment and Collection Costs

Type of Expense	Period Prior to Implementation Of EPA-Acceptable UC/ICR System FY or CY			Period With Implementation Of EPA-Acceptable UC/ICR System CY or FY		
	Annual Cost $ X 1,000	Revenue Method	Average Industrial Rate	Annual Cost $ X 1000	Revenue Method	Average Industrial Rate Per
O M & R	$______ (81)	__ (82)	$______ (83) Per __ (84)	$______ (85)	__ (86)	______ (87) 1000 Gallon of Flow
		1 = Usage Proportional To Flow	1 = 1,000 Gallons		1 = User Charge	______ (88) Pound of S.S.
		2 = Usage Declining Block	2 = CCF		2 = Usage Charge With Industrial Surcharge	______ (89) Pound of BOD
		3 = Fixed Charge Year	3 = Year		3 = Other ______ ______	______ (90) Pound of COD
		4 = Ad Valorem	4 = $1,000 Assessed Value			______ (91) Pound of Other ______ Or
			5 = Other Specify: ______ ______			______ (92) 1,000 Gallon average per industry

*Assumed decimal

	Period Prior to UC/ICR			Period With UC/ICR		
	Annual Cost $ X 1,000	Revenue Method	Average Industrial Rate	Annual Cost $ X 1000	Revenue Method	Average Industrial Rate Per
DEBT SERVICE	$_______ (93)	__ (94)	$______ (95) Per __ (96)	$_______ (97)	__ (98)	______ (99) 1000 Gallon of Flow
		1 = Usage Proportional To Flow	1 = 1,000 gallons		1 = User Charge	______ (100) Pound of S.S.
		2 = Usage Declining Block	2 = CCF		2 = Usage Charge With Industrial Surcharge	______ (101) Pound of BOD
		3 = Fixed Charge Year	3 = Year		3 = Ad Valorem	______ (102) Pound of COD
		4 = Ad Valorem	4 = $1,000 Assessed Value		4 = Special Assessment	______ (103) Pound of Other ______ Or
		5 = Special Assignment	5 = Customers		5 = Other ______	______ (104) 1,000 Gallon average per industry
		6 = Other (Or Combination)	6 = Other Specify ______ ______			______ (105) 1,000 Other Specify ______

6/15

*Assumed decimal

14<

OTHER
COST

Period Prior to UC/ICR			Period With UC/ICR		
Annual Cost $ X 1,000	Revenue Method	Average Industrial Rate	Annual Cost $ X 1000	Revenue Method	Average Industrial Rate Per
$_______ (106)	__ (107)	$___.___ (108) Per __ (109)	$_______ (110)	__ (111)	___.___ (112) 1000 Gallon of Flow
	1 = Usage Proportional To Flow	1 = 1,000 gallons		1 = User Charge	___.___ (113) Pound of S.S.
	2 = Usage Declining Block	2 = CCF		2 = Usage Charge With Industrial Surcharge	___.___ (114) Pound of BOD
	3 = Fixed Charge Year	3 = Year		3 = Ad Valorem	___.___ (115) Pound of COD
	4 = Ad Valorem	4 = $1,000 Assessed Value		4 = Special Assessment	___.___ (116) 1000 Average
	5 = Special Assignment	5 = Customers		5 = Other ______	___.___ (117) 1,000 Gallon average per industry
	6 = Other (Or Combination)	6 = Other Specify ______ ______			___.___ (118) 1,000 Other Specify ______
Describe Other Cost			Describe Other Cost		

*Assumed decimal

ICR

Period Prior to UC/ICR			Period With UC/ICR		
Annual Cost $ X 1,000	Revenue Method	Average Industrial Rate	Annual Cost $ X 1000	Revenue Method	Average Industrial Rate Per
N/A	N/A	N/A	N/A	|_| (119)	|_|_|.|_|_| (120) 1000 Gallon of Flow
				1 = Actual Usage	|_|_|.|_|_| (121) Pound of S.S.
				2 = Actual Plus Reserved Usage	|_|_|.|_|_| (122) Pound of BOD
				3 = Lump Sum	|_|_|.|_|_| (123) Pound of COD
				4 = Other (Or Combination)	|_|_|.|_|_| (124) Pound of Other Specify ________

8/15

Total ICR Repayment Period |_|_| Years (125)

*Assumed decimal

IV. ADMINISTRATIVE AND MONITORING COSTS OF ICR

What are the annual costs of ICR to bill, collect, and manage investments? Identify specific cost components and levels of activity, including the start-up costs associated with designing and implementing ICR systems (Identify EPA grant funding and local share of system design efforts to include costs such as public hearings and consultant charges.)

Which annual administrative (billing, collecting, investing, etc.) costs would be eliminated if there were no requirement for ICR.

	Estimated	or	Actual
· Administrative Costs (in Whole Dollars)			
- Start-Up Costs			
EPA Grant	$________ (126)		$________ (127)
Other External	$________ (128)		$________ (129)
Local	$________ (130)		$________ (131)
- Ongoing Operating Costs (Annual)	$________ (132)		$________ (133)
- Eliminatable Costs (If ICR were eliminated but UC maintained)	$________ (134)		$________ (135)
· Monitoring and Enforcement Costs			
- Prior to UC/ICR	$________ (136)		$________ (137)
- With UC/ICR	$________ (138)		$________ (139)
- Eliminatable Costs (If ICR were eliminated but UC maintained)	$________ (140)		$________ (141)

V. EFFECTS OF ICR ON LOCAL INDUSTRY

Did any industry in the grantee's service area, due to the costs of ICR:

- Close ☐ (142) 1 = yes 2 = no
- Reduce Production ☐ (143)
- Decide Not to Move Into the Grantee's Area ☐ (144)
- Relocate To a Different Service Area ☐ (145)
- Cut back on Expansion ☐ (146)

If the answer to any of the above questions is yes, include additional information on the type of industry, size, number of jobs lost, level of productionlost, if applicable, the area the industry chose for relocation, amount tax revenue and other revenue lost to the grantee or other governmental units.

	Industry	Primary Activity	4 Digit SIC	Number of Jobs Lost	% Production Lost	Tax Revenue Lost ($1000)	Moved To:	
							City	State
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								

VI. IMPACT OF ALTERNATIVE ICR INDUSTRIAL EXEMPTIONS

This question addresses several topics, as follows:

- Impact of the current definition of industry
- Impact of excluding all sanitary waste from ICR
- Impact of eliminating industries based on varying levels of flow from 5,000 to 100,000 GPD.
- Impact of eliminating industries based on varying dollar amounts of ICR charges from $10 to $500.

Two schedules will be produced to answer this queestion. The first schedule will include a list of all current industries (and the definition used) with flows, loadings, and estimated billings. The second schedule will list all users discharging more than 5,000 GPD and whether discharge is sanitary or process waste, with estimated loadings for process waste discharges.

Present Number of ICR Customers ______ (147)

Number of ICR Customers if New Definition Applied ______ (148)

Table of Large Water Users

Name	Primary Activity	SIC	Annual Discharge (in Gallons)	ICR Bill Estimated / Actual

VII. IMPACTS OF ICR ON SEASONAL USERS

Are there any seasonal flow industrial users discharging to the POTW? |_,_| (149)

01 = yes
02 = no

- the seasonal users
- flows and strengths
- days of operation
- method of charging ICR

If yes, complete the following table:

User Name	Primary Activity	Flow	BOD	SS	Length In Working Days	Seasonal Flow As % of Total Annual Flow

Describe method of charging ICR to Seasonal Users

VIII. IMPACT OF ICR ON WATER CONSERVATION

To answer this question, contact those in the group of 10 largest users lthat the grantee identifies as having reduced consumption. Interview these users to determine if ICR had any impact on water consumption. Other factors that may have led to a reduction are increased potable water costs, UC increases, or drought conditions.

Has there been any ICR-attributable reduction in water consumption? ¦ , ¦ (150)

01 = yes
02 = no

If yes, complete the following table:

User Name	Primary Activity	SIC	Annual Previous Flow	Annual Recent Flow	ICR Bill	Water	Sewer

IX. IMPACT OF ICR ON ECONOMIES OF SCALE
DURING DESIGN AND CONSTRUCTION

During plant design or construction, did any industries include in the 201 Plan not participate in the publically-owned treatment works? |_,_| (151) 01 = yes 02 = no

If yes, are their loadings greater than 10% of POTW capacity? |_,_| (152) 01 - yes 02 = no

If yes, is the industry still in business in the POTW's service area? |_,_| (153) 01 = yes 02 = no

If yes, is the industry's waste compatable with the POTW? |_,_| (154) 01 = yes 02 = no

If yes, complete the following table:

Company Name	Primary Activity	SIC	Annual Flow	SELF Treat or	Other Disposal

Impact on User-Charge for POTW Customers:

____

____

____

____

Additional Comments:

____

____

____

____

X. EVALUATION OF APPENDIX A TO MCD-45 FEDERAL GUIDELINES - INDUSTRIAL COST RECOVERY GUIDELINES, TITLED "DESCRIPTION OF INDUSTRIAL COST RECOVERY SYSTEM"

What problems did the grantee experience in completing Appendix A?

What recommendations would the grantee make as an alternative to Appendix A?

Revised 7/18/78

U. S. ENVIRONMENTAL PROTECTION AGENCY
LEGISLATIVE STUDY OF INDUSTRIAL COST RECOVERY

Industrial User Survey

I. IDENTIFYING DATA

	State	City	Business, Industry or Public Group Number
(01)* C&L Reference Number:	1 4		

(02)* Survey Class: ____ 01 = Visit 02 = Telephone 03 = Other

(03) Company Name: ____

(04) Plant or Division: ____

(05) Street Address ____

(06) Street Address ____

(07) City: ____ (08) State: ____ (09) ZIP Code ____

(10)* EPA Region ____ (11)* SMSA ____ (12) Plant SIC ____

Name of Publicly Owned Treatment Works (POTW) Used: ____

(13)* POTW Identifier ____

Company Contact Name: ____

Title: ____

Phone Number: (__) ____

C&L Interviewer: ____

Interview Date: ____

Encoded by:* ____ Date: ____

*To be entered by C&L.

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WASHINGTON, D.C. 20036

Although C&L will not disclose individual company data in the report, any data submitted is subject to disclosure with the Freedom of Information Act if so requested.

II. CHARACTERISTIC DATA ABOUT PLANT

	Before Adoption of UC/ICR System	Subsequent to Adoption of UC/ICR System
Year	(14)	(15)
# of Employees at Location	(16)	(17)
Level of Production ($ Value of Shipments FOB Plant, After Sales Discounts)(and units - See Transmittal Letter)	(18A) $ (18C)	(18B) $ (18D)
Total of All Utility Expenses (Excluding Sewage)	(19) $	(20) $

Annual Municipal Charges For Wastewater Treatment (1,000s)

O&M Costs (User Charges)	(21) $	(22) $
Capital Recovery (ICR)	N/A	(23) $
Local Debt Service	(24) $	(25) $
Ad Valorem Taxes Applicable to Wastewater Treatment	(26) $	(27) $
Other Sewer Charges (Describe below)	(28) $	(29) $
Total Muncipal Sewage Costs	(30) $	(31) $

Comments:

III. IMPACT OF UC/ICR

1. (A) Are your sewer charges expected to increase dramatically in the near future?

|_| (32) 1 - yes 2 = no 3 = don't know

(B) If yes, in what year _____? Describe in your own words what the new charges will be and the reasons for this increase. (If possible, show capital charges and grant repayment charges separately from operation and maintenance charges.)

____

____

____

____

____

2. (A) As a result of increased wastewater treatment costs, has this plant:

a. Reduced the quantity of products shipped or shifted production to other plants?

|_| (33) 1 - yes 2 = no

b. If yes, in what year? |_|_|_|_| (34)

c. Curtailed expansion plans? |_| (35) 1 = yes 2 = no

d. If yes, in what year? |_|_|_|_| (36)

e. If yes to either a or c, above, why? |_| (37)

1 = lack of municipal treatment capacity

2 = lack of self-treatment capacity

3 = increased municipal sewerage costs

4 = increased self-treatment costs

5 = Significantly lower wastewater treatment costs experienced by competing or subsidiary plants in the same general geographical area

6 = Other, explain ______________________________

____

Comments: ______________________________

____

3. (A) Is there a reasonable probability that this plant will be closed?

|_| (38) 1 - yes 2 = no 3 = don't know

(B) If yes, in what year? |_|_|_|_| (39)

(C) If yes, will wastewater treatment costs be a significant factor?

|_| (40) 1 - yes 2 = no 3 = don't know

4. In-plant modification costs (not pretreatment or self-treatment):

(A) What do you estimate the capital investment or replacement value of these in-plant modifications to be?

$|_|_|_|_|_|_|_|_|_|_| (41)

(B) What percent reductions were achieved?

Flow |_|_|% (42)

BOD |_|_|% (43)

COD |_|_|% (44)

TSS |_|_|% (45)

Other |_|_|% (46)

If other, specify: ______________________________

____

(c) Describe in your own words the in-plant modifications, including changes in processing equipment, made at this plant during the period of time from 1973 to the present primarily to achieve flow, BOD or TSS reductions:

____

____

____

____

____

5. (A) Is management considering having this plant disengaged from the municipal system and having the plant operate its won self-treatment system?

|_| (47) 1 - yes 2 = no 3 = don't know

(B) If yes, is it due to: |_| (48)

1 = increased municipal sewage charges

2 = increased pre-treatment costs

3 = combination of the above

4 = other, explain: ______________________________

____

____

IV. PRETREATMENT COSTS

1. What do you estimate your pretreatment cost to be?

(A) capital cost .... $|_|_|_|_|_|_|_| (49)

(B) annual operation and maintenance (including labor, electricity, chemicals, sludge disposal, land taxes, monitoring and reporting requirements) .... $|_|_|_|_|_|_|_| (50)

(C) annual depreciation .... $|_|_|_|_|_|_|_| (51)

Comments: ______________________________

____

____

V. SELF-TREATMENT COSTS

1. In your own words, describe your self-treatment system or attach a diagram of it.

____

____

____

____

____

28<

2. What is the estimated replacement cost of this treatment system, including land value, pumps, motors, pipes, aerators, sprinklers, screens, tanks, etc.? Exclude all in-plant modification and pretreatment costs previously discussed.

$|_|_|_|_|_|_|_|_| (52)

Comments: ____

3. Describe in your own words how this self-treatment system was financed.

4. (A) Is management considering discontinuing self-treatment and having the waste waters treated by a municipal wastewater treatment facility?

|_| (53) 1 = yes 2 = no 3 = don't know

(B) If yes, explain: ____

5. What is the Estimated Annual Cost of self-treatment in this system? Exclude all in-plant modification and pretreatment costs previously discussed.

(A) Operation and Maintenance (labor, electricity, chemicals, sludge disposal, land taxes, and monitoring and reporting requirements) .. $|_|_|_|_|_|_|_| (54)

(B) Capital .... $|_|_|_|_|_|_|_| (55)

(C) Other, specify .... $|_,_,_,_,_,_,_,_| (56)

(D) Total .... $|_,_,_,_,_,_,_,_| (57)

(E) Comments: ____

____

____

____

____

6. What is your self- treatment flow capacity? |_,_,_,_,_,_,_,_,_,_,_,_,_,_| GPD (58)

VI. OPINION QUESTIONS

1. (A) Do you believe that you have lost business to substitute goods (that is, not to competitors producing similar goods, but producers manufacturing substitute products) because of price increases caused to increased wastewater treatment costs?

   |_| (59) 1 - yes 2 = no 3 = don't know

   (B) If yes, what is the estimated amount of business lost?

   $|_,_,_,_,_,_,_,_,_| (60) or |_,_,_|% of production (61)

   (C) If yes, to what industry have you lost business?

   ____

2. Do you believe that you have become less competitive with foreign goods because of increased wastewater treatment costs?

   |_| (62) 1 - yes 2 = no 3 = don't know

3. Have the UC/ICR regulations been explained adequately for you? |_,_| (63)
   1 = yes 2 = no

(C) Other, specify .... $¦ , , , , , , , ¦ (56)

(D) Total .... $¦ , , , , , , , ¦ (57)

(E) Comments: ______________________________________

____

____

____

____

6. What is your self- treatment flow capacity? ¦ , , , , , , , , , , , , , ¦ GPD (58)

VI. OPINION QUESTIONS

1. (A) Do you believe that you have lost business to substitute goods (that is, not to competitors producing similar goods, but producers manufacturing substitute products) because of price increases caused to increased wastewater treatment costs?

¦ ¦ (59) 1 - yes 2 = no 3 = don't know

(B) If yes, what is the estimated amount of business lost?

$¦ , , , , , , , , ¦ (60) or ¦ , , ¦% of production (61)

(C) If yes, to what industry have you lost business?

____

2. Do you believe that you have become less competitive with foreign goods because of increased wastewater treatment costs?

¦ ¦ (62) 1 - yes 2 = no 3 = don't know

3. Have the UC/ICR regulations been explained adequately for you? ¦ , ¦ (63)
1 = yes 2 = no

the monitoring of industrial effluent for the purpose of calculating the ICR charges, ancillary benefits associated with the monitoring of industrial effluent, procedures necessary to take account of changes in the number of industries discharging into municipal plants, and the impacts of seasonal or other changes in the characteristics and quantity of effluents discharged by individual industries?

Ninth. Whether small industries should be exempted from ICR? How should small be defined? Is there a reasonable floor that can be established for ICR based upon percentage flow?

ADVISORY GROUP
INDUSTRIAL COST RECOVERY STUDY

Environmental Groups

Mr. Robert Axelrad
Izaak Walton League
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528-1818

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833-1845

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652-4420

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296-2622

Mr. Don Gerrish-Mr. Perry Fischer
American Baking association
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296-5800

Mr. Drew Davis
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Ms. Barbara Bassuener-
Mr. Robert Perry
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October 10, 1978

EXHIBIT V-1-6

UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
INDUSTRIAL COST RECOVERY STUDY
PRELIMINARY COMPILATION OF POSSIBLE STUDY ALTERNATIVES

NOTE: This is a preliminary listing, prepared for discussion purposes only. It should not be construed as a final or comprehensive list of possible alternatives. Coopers & Lybrand neither endorses nor rejects any of these alternatives at this time.

ALTERNATIVE	ADVANTAGES	DISADVANTAGES
1. Abolish ICR	- Eliminate complaints from grantees that ICR is not cost effective and difficult to monitor and administer. - Eliminate complaints from industry that ICR is "double taxation" and adds an unfair economic burden. - Eliminate inconsistency in ICR charges.	- Without some control over the design parameters allocated to industry, abolishing ICR may encourage grantees to plan and construct treatment works that are larger than necessary. - Eliminate ICR revenues returned to the Federal Government.
2. Base grant funding for eligible project costs (including industrial capacity) on a sliding scale, funding current needs at 75% and reducing the federal share of total project costs and grantees plan treatment works larger than current needs indicate. ICR would be based on the current regulations.	- Encourage more front end planning, reducing the amount of excess capacity design and constructed. - Encourage industry participation in planning and identifying treatment works needs.	- May not be cost effective when design treatment works for large, rapidly growing areas. - Will increase the total local share of costs for grantees building trearment works larger than currently required.
3. Base grant funding for eligible project costs on a sliding scale, as in the previous alternative, funding current domestic needs at 75% and reducing the federal share of total project costs as grantees plan treatment works larger than current needs indicate. This alternative differs greatly from #2 because eligible project costs would include only current needs for domestic and commercial wastewater. There would be no funding for industrial capacity. ICR would be eliminated because there would be no federal grant allocable to industry.	- Eliminate grantee complaints that ICR is not effective and difficult to monitor. - Eliminate complaints from industry about "double taxation" and the added costs of ICR. - Eliminate costs associated with implementing and monitoring ICR for both grantees and EPA. - Encourage better facility planning	- Increase local share of project costs. These added costs may be passed through to industrial users and would exceed ICR costs because there would be no Federal funding for industrial capacity.

ALTERNATIVE	ADVANTAGES	DISADVANTAGES
4. Charge ICR on treatment works only, eliminating ICR charges for interceptor sewers.	- Reduce administrative work grantees must often perform to identify and allocate costs to industrial users of specific interceptors. especially on large segmented projects.	- Reduce ICR revenues returend to the Federal Government.
5. Base industry's share of the federal grant on an incremental cost basis rather than a proportional cost basis, as is now the case.	- Allow industry to receive the benefits of economies of scale using an incremental cost basis.	- May be difficult to determine the incremental costs of construction industry's share of the treatment works.
6. Allow the costs of constructing industries portion of the treatment works to be granted eligible based on grantee's option. If industry's share is elected to be grant eligible, industry would be required to pay ICR. If the grantee used alternative sources of funding for the industrial share there would be no ICR requirement. Grant eligibility could be either proportional or incremental.	- Allow grantees to make ICR a local option, depending on alternate sources of funding for the industrial portion of the treatment works. - Encourage industry participation in planning and needs identification.	- Industry may still complain of "double taxation" and unfair economic burdens based on geographic location.
7. Establish a uniform ICR rate, on a: -National basis -Regional basis -State basis -SMSA basis The rate could be modified based upon a uniform adjustment for treatment level, treatment types, level of discharge from the POTW.	- Reduce inconsistencies of ICR rates, depending upon level of uniformity adopted.	- May be difficult to develop and administer uniform rates.
8. Establish "circuit breaker" ICR exemptions based on: -Extraordinary circumstances -Local economic conditions -Industry group -Geographic area -Level of pollutant discharge -Dollar level of ICR payments	- Reduce the number of industries required to pay ICR. - Allow flexibility based on special circumstances.	- May be difficult to develop and administer. - Will result in inconsistent ICR charges based on special circumstances.

ALTERNATIVE	ADVANTAGES	DISADVANTAGES
9. Allow a tax credit for ICR payment.	- Eliminate industry complaints concerning "double taxation."	- May be difficult to administer. - Reduce revenue to the Federal Government.
10. Allow tax credits for pretreatment costs to include both capital and maintenance costs.	- Encourage industry to pre-treat wastes.	- May be difficult to administer - Reduce revenue to the Federal Government.
11. Return to the requirements of P. L. 94-660, abolishing ICR.	- Eliminate complaints of inequitable charges of industries discharging to POTW's funded under different programs. - Reduce administrative burden on grantees.	- Reduce revenue to the Federal Government.
12. Abolish ICR and require that local share of project costs be recovered through proportionate user charge.	- Achieve equity in method of establishing rates, if thoroughly and consistently monitored.	- Reduce grantees flexibility in designing rates. - Increase grantees administration of User Charges. - Increase costs to large users where grantee currently uses a silding scale rate. - May require major changes in bond covenants where grantees fund the local share through revenue or general obligation bonds.
13. Add an interest component to current ICR requirements.	- Increase industry participation in facility planning by increasing potential costs to industry. - Eliminate the subsidy or "interest free loan" component associated with funding industrial capacity.	- May encourage industry to seek other alternatives to discharging to a POTW, possibly increasing both capital and O & M costs for those users remaining in the system.

ALTERNATIVE	ADVANTAGES	DISADVANTAGES
14. Extend the ICR moratorium.	- Postpones the date for making a final decision on ICR.	- Postpones the date of making a final decision on ICR.
15. Maintain ICR in its current form.	- Requires no administrative or regulatory changes	- Eliminates none of the problems currently ascribed in ICR by grantees and industry.
16. Require letter of commitment (as contract) from industrial users of POTW's when POTW is sized.	- Encourages more precise planning.	- Commits industry for a longer term contract than most businesses are willing to commit themselves.

EXHIBIT V-1-7

U.S. ENVIRONMENTAL PROTECTION AGENCY
LEGISLATIVE STUDY OF INDUSTRIAL COST RECOVERY

Ref. # 14
Page No. 1 of
Engagement # 114-2550-46-60

Grantee Information Form

I. GENERAL DESCRIPTION

Name of Grantee ______________________________

Street Address ______________________________

State ______________ Zip Code _______ EPA Region _________

SMSA _________ Old System ___________ New System _________

Prepared by ______________ Data Input Form Prepared by ______________ on ______

Grantee contacts:

Name ___________ Tel. No. _________ Date Interviewed ______

Name ___________ Tel. No. _________ Date Interviewed ______

Name ___________ Tel. No. _________ Date Interviewed ______

Brief description of the grantees treatment works

Design Capacity: Flow ______MGD BOD ______lbs SS ______lbs

Treatment Level ___________

Treatment Process ___________

Total Costs of upgrading or expanding treatment works ___________

Total EPA grant funds ___________

Other Sources of Funds ___________

Local share of costs ___________

Method of funding local share ___________

Other Comments:

II. COMBINED AND INCREMENTAL IMPACTS OF USER CHARGES AND INDUSTRIAL COST RECOVERY CHARGES ON ALL INDUSTRIES IN GRANTEE'S SERVICE AREA

Total treatment plant revenues last twelve months before UC/ICR systems were implemented.

Period covered ________

	Residential	Non-Residential	Total
Sewer Use Fees			
Hook-up charges			
Tap in fees			
Inspection fees			
Assessments			
Tax Levies			
Other			
Total			

Total treatment plant revenue for most recent twelve-month period or estimated revenues for first year of implementation.

	Residential	Non-Residential	Total
User charge fees			
Hook-up charges			
Tap in fees			
Inspection fees			
Assessments			
Tax Levies			
ICR Charges			
Other			
Total			

III. UC/ICR RATE DATA

Rates Prior to adopting UC/ICR Systems

Effective Date ___________

Describe in detail grantee's billing system prior to UC/ICR. Include information on the rates and methods of collecting revenue to pay local debt service, OM&R, other costs, and billing units.

Current or Proposed UC/ICR rates.

Effective date ____________

Describe in detail the grantee's UC/ICR revenue systems. Include data on:

- Debt service charges
- User charges for
    - Flow
    - BOD
    - Suspended Solids
    - Surcharges
- ICR Rates for
    - Flow
    - BOD
    - Suspended Solids
- Other Charges
- ICR cost recovery period _______years.

Include detailed budgets, and cost allocations to support the rates developed.

IV. ADMINISTRATIVE AND MONITORING COSTS OF ICR

What are the costs of ICR to bill, collect, and manage investments? Identify specific cost components and levels of activity, including the start-up costs associated with designing and implementing ICR systems (Identify EPA grant funding and local share of system design efforts to include costs such as public hearings and consultant charges).

Which administrative (billing, collecting, investing, etc.) costs would be eliminated if there were no requirement for ICR.

Administrative and Monitoring Costs Continued

What were the grantee's monitoring and enforcement costs prior to UC/ICR? Identify specific cost components and levels of activity.

What are the grantee's current or estimated monitoring and enforcement costs for UC/ICR systems? Identify specific costs components and level of activity.

Keeping in mind that monitoring and enforcement are required for User Charge Systems also, what specific monitoring and enforcement costs would be eliminated if there were no requirement for ICR?

V. EFFECTS OF ICR ON LOCAL INDUSTRY

Did any industry, in the grantee's service area, due to the costs of ICR:

- Close
- Reduce production
- Decide not to move into the grantee's service area
- Relocate to a different service area

If the answer to any of the above questions is yes, include additional information on the type of industry, size, number of jobs lost, level of production lost, if applicable, the area the industry chose for relocation, amount tax revenue and other revenue lost to the grantee or other governmental units.

VI. Impact of Alternative ICR Industrial Exemptions

This question addresses several topics, as follows:

- Impact of the current definition of industry
- Impact of excluding all sanitary waste from ICR
- Impact of eliminating industries based on varying levels of flow from 5,000 to 100,000 GPD.
- Impact of eliminating industries based on varying dollar amounts of ICR charges from $10 to $500.

Two schedules will be produced to answer this question. The first schedule will include a list of all current industries (and the definition used) with flows, loadings, and estimated billings. The second schedule will list all users discharging more than 5,000 GPD and whether discharge is sanitary or process waste, with estimated loadings for process waste discharges.

VII. IMPACTS OF ICR ON SEASONAL USERS

Are there any seasonal flow industrial users discharging to the POTW? If the answer is yes, identify:

- the seasonal users
- flows and strengths
- days of operation
- method of charging ICR

VIII. IMPACT OF ICR ON WATER CONSERVATION

To answer this question, contact those in the group of 10 largest users that the grantee identifies as having reduced consumption. Interview these users to determine if ICR had any impact on water consumption. Other factors that may have led to a reduction are increased potable water costs, UC increases, or drought conditions.

IX. IMPACT OF ICR ON ECONOMIES OF SCALE DURING DESIGN AND CONSTRUCTION

During plant design or construction, did any industries choose not to participate in the publicly-owned treatment works? If the answer is yes, identify:

- specific industries
- estimated flows
- any cost increases due to lost economies of scale.

X. EVALUATION OF APPENDIX A TO MCD-45 FEDERAL GUIDELINES - INDUSTRIAL COST RECOVERY GUIDELINES, TITLED "DESCRIPTION OF INDUSTRIAL COST RECOVERY SYSTEM"

What problems did the grantee experience in completing Appendix A?

What recommendations would the grantee make as an alternative to Appendix A?

EXHIBIT V-1-8

U.S. ENVIRONMENTAL PROTECTION AGENCY
LEGISLATIVE STUDY OF INDUSTRIAL COST RECOVERY

Ref. # 14
Page No. 1 of
Engagement # 114-2550-46-60

Industrial User Form

On site visit ___ Telephone survey ___

Industry ____________________ SIC Code ____________________

Contact Name ________________ Date Interviewed ______________

State ______________________ EPA Region __________________

SMSA ______________________ Business Size ________________

POTW Name _________________ POTW Number _________________

Prepared by ________________ Data Input Form prepared by ______________ on ________

Combined and Incremental Impact of UC/ICR

From the grantee's billing records establish the total charges for the individual industry for the twelve-month period prior to adopting to UC/ICR, to include:

- amounts billed for O&M, debt service, other charges
- billing units (flows and loadings)
- periods billed
- time period covered.

For the last twelve months of billing UC/ICR (projected first year charges if system not implemented) total charges for the industry by the elements described above. Confirm these charges with industry.

From industry interviews determine the units of industrial activity for the two periods billed.

From industry, determine common expense statistics for the two periods billed.

Are there any similar industries within the SMSA or 50 miles that are paying significantly different ICR rates?

General comments from Industry concerning the impact of ICR.

Industrial Cost Recovery Regional Meetings

Summary of Public Comments

Industrial Cost Recovery Public Meeting
Region I
John McCormack Post Office Building
Boston, MA

10 AM October 224, 1978

EPA - Lester Sutton, I, Water Programs Division Director
- John Gall, I. UC/ICR Specialist and EPA Washington

C&L - I. Mikul Townsley
Myron Olstein

91 Attendees:

L. Blank
Metro. Dist. Com.
Boston, MA
Wesley Ehrenzeller
DPW
Attleboro, MA
William J. Collins
Atlantic Gelatin Co.
Woburn, MA
Mimi Feller
Staff of Senator Chaffee of RI

Margaret Heckler
Congresswoman, Mass.
10th District

Makram H. Meggli
D.P.W.
Woonsocket, RI
Duane E. Sheeler
Acusknet Co.
New Bedford, MA
Kenneth Gillum
Goodyear Tire & Rubber Co.
New Bedford, MA
Karl Spilhaus
Northern Textile Assoc.
Boston, MA

Philip Murray
New Bedford Area C of C
New Bedfore, MA
Hedley Patterson
DPW
Woonsocket, RI
Carlton Viveiros
Mayor
Fall River, MA

George D. Gallagher
Metro. Dist. Com.
Boston, MA
Michael S. Karlson
Arthur Young & Co.
Boston, MA
Paul D. Weisman
LEA
Boston, MA
Robert Burke
DEQE
Boston, MA
Robert F. Dunning
Anderson-Nicholson
& Co. Inc.
Boston, MA
Paul Walker
Hollingsworth U Vose Co.
E. Walpole, MA
Richard S. Hersey
MAPC
Boston, MA
Paul Taurasi
DPWPC
Boston, MA
John O'Brien
Mass. DW. of Water Pollution
Control
Boston, MA
John J. Ostrosky
Metcalf & Eddy Engineers
Boston, MA
James C. Dakin
Town of Westwood
Westwood, MA
Stanley Linda
DWPC
Boston, MA

George t. Darmody
Industrial Agent
Fall River, MA

John E. Walker
Greater Portland Regional C of C
Portald, ME
Martin R. Haley
Sewer Commission
Templeton, MA
Anna M. Richard
Town of Templeton
Baldwinville, MA
Patrick Harrington
United Merchants
Fall River, MA
Ralph Guerriero
Swan Finishing C.
Fall River, MA
David L. Philips
South Essex Sewage Dist.
Salem, MA
B. Goodwin
Sanitary Engineer
Portland, ME
Jack Truner
D.P.W.
New Bedford, MA
Adolph T. Schmidt
Greater Woonsocket C of C
Woonsocket, RI
Anna Nestmann
League of Women Voters
Providence, RI
Ann R. Wire
Hollingsworth & Vose
E. Walpole, MA
Willilam T. Garriepy
Smithfield RI Sewer Auth
Esmond, RI
Alvin t. Gravely
Metro Dist Com
Boston, MA
John Brady
Whitmore & Howard Inc
Wellesley, MA
Jack Konovan
Whitmore & Howard Inc
Wellesley, MA
James Brayden
Chief Eng Mech Div
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C.E. Maguire
New Britain, CT

Michael Long
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Boston, MA
E. M. Lape
G.E. Co.
Lynn, MA
D. S. Yeaple
G.E. Co.
Lynn, MA
Bill McAloon
Taunton Ind. Dev. Com.
Taunton, MA
Charles E. Volkmann
Taunton Area Chamber William of Commerce
Taunton, MA
Allan Morgenroth
Boston, MA
Vasanti Patel
Sanitary Engineer
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Taunton, MA
Stephen H. Geribo
SEA Consultant Inc.
Boston, MA
Amperex Electric Corporation
Seatersville, RI
Michael A. Hyde
Atlantic Gelatin
Woburn, MA
Daniel Calnen
Wastewater Treatment Plant
New Bedford, MA
Richard A. Chiodini
Riely Assoc.
Providence, RI
Walter Hundley
C. E. Maguire Inc
Providence, RI
Anthony J. Zuena
Cullinan Engineering Co. Inc
Auburn, MA

- William Torpey
  - Greater Fall River Area C of C
  - Fall River, MA
- Arthur Levesque
  - Upper Blackstone WPAD
  - Millburg, MA
- Edward L. Callo
  - Upper Blackstone WPAD
  - Millburg, MA
- Emil W. Holland
  - Upper Blackstone WPAD
  - Millburg, MA
- Ronald a. Breton
  - Env. Tech.
  - Manchester, NH
- Thomas E. Wesolowski
  - Env. Tech.
  - Manchester, NH
- Roland J. Desrosiers
  - City
  - Attleboro, MA
- David Butterfield
  - City
  - Attleboro, MA
- Kenneth Bundy
  - Reed & Barton
  - Taunton, MA
- Donald G. Wood
  - Metro. Dist. Com.
  - Boston, MA
- Cheryl A. Breen
  - Merrimack Valley Plan. Com.
  - Haverhill, MA
- Laura Montgomery-Tanner
  - Camp, Dresser & McKee
  - Boston, MA
- Christopher Woodcrock
  - Camp, Dresser & McKee
  - Boston, MA
- Julian Hatch
  - The Gorton Group
  - Gloucester, MA
- Pearce Klazer
  - Pricipal Sanitary Engineer
  - Providence, RI
- Paul M. Colson
  - Associated Industries of Mass.
  - Boston, MA
- Wayne T. Grandin
  - Metro. Dist. Com.
  - Boston, MA
- Douglas Funkhouser
  - Urban Systems Research & Eng
  - Cambridge, MA
- Lionel H. Corriveau
  - Providence Pile Fabircs Corp
  - Fall River, MA
- Gulab G. Hira
  - The Gillette Co.
  - Boston, MA
- Alfred Prokop
  - Revere Suger Refinery
  - Charleston, MA
- ronald Mercier
  - Aluminum Processing Corp
  - Fall River, MA
- Stephen W. Buckley
  - City
  - Fall River, MA
- Steffan Aletti
  - American Towelry
  - Mfgr. Magazine
  - Providence, RI
- R. C. Frederiksen
  - Providence Journal
  - Providence, RI
- Dr. Richard Burns
  - EPA Region I
  - Boston, MA
- John Christie
  - Reporter
  - Boston, MA
- Frederick A. Rubin
  - New Bedford Area C of C
  - New Bedford, MA
- Arthur Corey
  - City
  - Lowell, MA
- Ed Gillisse
  - Acushnet Co
  - New Bedford, MA
- Stephen E. Poole
  - Whitman & Howard Inc.
  - Wellesley, MA
- Ben Fehan
  - SEA Consultants Inc
  - Boston, MA
- Marie Holman
  - EPA Region I
  - Boston, MA

Complete presentation of
- Purpose of study
- Project scope and methodology
- Findings and conclusions

Statement of the Honorable Margaret Heckler, Congresswoman of the Massachusetts 10th Congressional District.
    Abolish ICR
Statement of Mimi Feller of Senator Chaffee of Rhode Island, staff.
    Asked for ideas from attendees.
Discussion of alternatives
Ottus Statements Presented.
Carlton M. Viveiros, Mayor
City of Fall River, Mass.
    Abolish ICR or, if not possible, allow ICR payments as credits to taxes
George T. Darmody, Exec. Director
Fall River Industrial Development Commission
    Abolish ICR
Patricl H. Harrington, Bristol Co., Commissioner
on behalf of United Merchants of Fall River
    Abolish ICR
John E. Walker, Director of Research & Development
Chamber of Commerce, Greater Portland, Maine
    Abolish ICR
Makram E. Migalli, Director
Public Works, City of Woonsocket, R. I.
    Abolish ICR
Hedley Patterson, Division Engineer
City of Woonsocket, R. I.
    Abolish ICR
David L. Phillips, Executive Director
South Essex Sewerage District
    SIC, 25000 GPD definition of industry should also apply to the equitable cost recovery requirements of PL 84-660
William Torpy, President
Greater Fall River Chamber of Commerce
    Abolish ICR
Philip Murray, on behalf of The
Industrial Wastewater Survey Comm., New Bedford
    Abolish ICR
Ralph Guerriero, Co-Chairman
Fall River Textile Processors Waste Water Treatment Committee
    Abolish ICR
Martin Hadley, Chairman
Sewer Commission, Town of Templeton
    Town is dependent upon local share of ICR collegtions.
    Town and industry have an acceptable agreement.
William Goodwin, City Engineer
City of Portland, Maine
    Abolish ICR, or if not possible, go to national ICR rate for all (840600, 92-500 and 95-217) grantees

This Board is therefore requesting that you put this letter on file for reference when Congress acts on the moratorium. Provisions should and must be made to allow towns and citier in our position to use ICR funds according to CFR rules and regulations in effect when our plans for usage were determined. Any other congressional action will put our community in deep financial trouble.

It is not clear to us whether only ICR funds to be returned to the EPA by industry is under consideration for change and no change is even contemplated or will be made for the town/city share. Perhaps we are unduly alarmed.

Please let us hear from you.

Very truly yours,

BOARD OF SELECTMEN

Albert J. Strott

Albert J. Strott, Jr.
Acting Chairman

amr

cc: Mr. John T. Rhett
Deputy Ass't Adm. for Water Program Operations (WH546)
USEPA
Washington, D.C. 20460

The Honorable Edward M. Kennedy
2400 A John F. Kennedy Federal Building
Boston, MA 02203

The Honorable Edward W. Brooke
2003 F John F. Kennedy Federal Building
Boston, MA 02203

Coopers & Lybrand
1800 M. Street N.W.
Washington, D.C. 20036

PK/MPI

VF/MPI

Sewer Commission
Town of Templeton

BOARD OF SELECTMEN **BOARD OF HEALTH**

TOWN OF TEMPLETON

TEMPLETON, MASSACHUSETTS

Mailing Address
BALDWINVILLE, MASS. 01436

Telephone 939-88

November 2, 1978

Mr. John Gall
U.S. Environmental Protection Agency
J.F. Kennedy Federal Building
Boston, Massachusetts 02203

Dear Mr. Gall:

We are enclosing typewritten copy of statement given by Martin Haley, Chairman of the Sewer Commission, at the EPA public meeting of October 24, 1978, for the congressional record; meeting concerned ICR payback.

Regarding congressional action on ICR payback, our concern is that being in the rather unique situation of joining the mill in construction of the wastewater treatment plant, with the mill responsible for 95.5% of the effluent, and being a small town, we could get lost in the overall national study, and provisions would not be made to protect the residents of the Town of Templeton.

Bearing in mind the following:

1. The townspeople voted funds for construction of the treatment plant because the mill, as part of their contract with the town, agreed to ICR payback.

2. It would be most inappropriate for Congress to take any action that could jeopardize our contract with the mill, and we do not believe that they would do so if they were acquainted with the facts.

3. The mill benefits greatly by having a 30-year loan, interest free, because of town bonding of $935,000. Also, no payback is required from the mill on their share of the State grant.

4. If ICR payback were to be discontinued, the mill would experience all the benefits, and the town and townspeople all the disadvantages in cost. This would be most inequitable. Our present arrangement is equitable to both parties.

therefore, we are requesting that the EPA bring out the facts of our case and recommend continued ICR payback, at least the town's share, for the Town of Templeton when its recommendations are rendered to the congressional committee.

BOARD OF SELECTMEN **BOARD OF HEALTH**

TOWN OF TEMPLETON

TEMPLETON, MASSACHUSETTS

Mailing Address
BALDWINVILLE, MASS. 01436

Telephone 939-8801

Statement given by Martin Haley, Chairman, Sewer Commission, Town of Templeton, Massachusetts, at EPA public meeting on October 24, 1978, McCormack Post Office and Courthouse, Room 208, Boston, Massachusetts.

While the ICR study will no doubt provide the EPA and Congress with necessary answers, we do not feel that it provides for consideration of the situation existing in the Town of Templeton. We have a letter on file with the USEPA stating our case and with your permission I shall read two paragraphs from that letter, as follows:

"In our case, Baldwinville Products, a subsidiary of Erving Paper, is the major polluter of the Otter River and their effluent will account for 95%+ of the wastewater treatment facility capacity; the town's share is therefore approximately 5%. It was very advantageous for the mill to have the town join them in the construction of this facility. A considerable amount of money was saved by the mill because of this joint effort.

The townspeople voted on a joint effort because usage of the ICR funds made the cost reasonable to the people. Using ICR funds, the betterment charge is in the area of $700. and without ICR funds it would be approximately $2,700. In our small town, with low average yearly wages, the residents could not possibly pay a $2,700. betterment charge, nor a greatly increased tax rate. The economic hardship that would be created if ICR funds were withdrawn from the Town of Templeton would be inestimable."

The Town of Templeton is a rural area with a population of 6,079, 10-15% of whom are elderly persons on fixed incomes.

If a change is made in ICR payback regulations, it is imperative that a grandfather clause protect the towns and townspeople who have entered into an agreement with industry such as Templeton has done. An agreement entered into, in good faith by all parties, over 4 years ago, should not be nullified to the great detriment of our town and citizens. We cannot give enough emphasis on the need to protect towns or cities in our situation. We must be allowed to use the town's share of ICR payback as planned when the town joined the mill in efforts to stop pollution to the Otter River. Should the Federal government deem it a necessary economic measure to discontinue collecting the federal share of ICR funds, fine, but we wish to go on record as being in favor of Alternative #17 - the town retaining its share of ICR.

Regarding alternative #14, we do not see any particular advantage in postponing a decision by extending the ICR moratorium. This action will create a climate of uncertainty beneficial to noone.

The Town of Templeton is in favor of alternative #15, maintaining ICR in its current form, or alternative #17 whereby industry would not be required to payback the Federal portion of ICR funds, but would be required to payback the city or town share, with the possibility of giving a city or town the option of collecting their share of ICR or exempting industry from payback.

Very truly yours,

BOARD OF SELECTMEN

Dana G. Putnam
Chairman

amr

cc: Sewer Commission
PK/MPI/VF

Mr. John T. Rhett
Deputy Ass't Adm. for Water Program Operations (WH546)
USEPA
Washington, D.C. 20460

The Honorable Edward M. Kennedy
2400 A. J.F. Kennedy Federal Building
Boston, MA 02203

The Honorable Edward W. Brooke
2003 F. John F. Kennedy Federal Building
Boston, MA 02203

The Honorable Edward P. Boland
2111 Rayburn Building
Washington, D.C. 20515

Coopers & Lybrand
1800 M Street NW
Washington, DC 20036

WATER SUPPLY
SEWERAGE

THE METROPOLITAN DISTRICT
555 MAIN STREET - P.O. BOX 800
HARTFORD, CT 06101

TELEPHONE
278-7850

3-ATG/mlh

November 3, 1978

File: HFP Task 12C Hartford

U.S. Environmental Protection Agency
New England Regional Office
2203 John F. Kennedy Federal Building
Boston, Massachusetts, 02203

Attn: Mr. John Gall

Gentlemen:

We propose by this letter to go on record as being in favor of the abolishment of ICR.

Assessment of our system shows it to be too complex and the types of combined industrial and commercial businesses to be so diversified to allow such a program as ICR (current form) to be cost effective or actual benefits determined.

The estimated costs to us as Grantee, beyond progressive Government monetary participation, would soon become prohibitive for adequate and consistent monitoring, administrative processes and litigations.

It is also believed that due to the extent of the "Paper Costs", at the Federal and local levels, there would be no actual "Recovery."

However, should ICR sustain, it is suggested that application of ICR in its current form be revised. An alternative to the current form would be the introduction of an "Imposition Clause" and the establishment of State-wide "ICR Imposition Rates" for application or non-application by the Grantee with promulgation at the state level. The application of "ICR Imposition Rates" only to the extent of assessed and determined benefits would sustain equity, allow for some control over the design parameter of industry and would provide a better avenue for determining the constant cost effectiveness of "Applied ICR."

The current form of ICR (considered to be "Blanket ICR" as opposed to "Applied ICR") removes from the Grantee and the State their rights to determine and/or alter the economic impact to be felt, on a much wider scope. (i.e. Loss of jobs from industry that has shut-down, increased unemployment payment and added local and State cost for other public assist programs. In addition, the probable increase in self-treatment by industry would result in loss of "up-front" revenues to the grantee with subsequent reduction in cash flow.)

Respectfully,

Lawrence A. Fagan Jr. /HZ.

Lawrence A. Fagan, Jr., P.E.
Deputy Manager of Engineering and
Planning

JG
DOB
FLG

CITY OF NEW BEDFORD, MASSACHUSETTS
EXECUTIVE DEPARTMENT
OFFICE OF THE MAYOR
P. O. BOX A-2089
999-2931

JOHN A. MARKEY
MAYOR

October 26, 1978

Mr. Stuart C. Peterson, Chief
U.S.E.P.A.-Municipal Facilities Branch
J.F. Kennedy Federal Building
Boston, Mass. 02203

Dear Mr. Peterson:

As you are aware, the City working together with the Industrial Wastewater Survey Committee (comprised of New Bedford's 31 major industries) has compiled statistics relative to UCICR projected charges in New Bedford. Copies of this information has been supplied to EPA and Coopers & Lybrand.

The obvious detrimental impact that these projected charges will have on local industry coupled with the imminent industrial pretreatment requirements will certainly eliminate the recent success of industrial expansion in the City.

Therefore, because of the many reasons cited by the Committee in their presentations to you we could not endorse any alternative to ICR other than total and complete abolition.

Should you have any questions or require additional information, please do not hesitate to contact us.

Very truly yours,

John A. Markey, Mayor
City of New Bedford

cc: Fred Rubin

/dh

Greater Fall River Area
Chamber of Commerce

WILLIAM J. TORPEY
PRESIDENT

October 25, 1978

Mr. John Gall, UC/ICR Specialist
U.S. Environmental Protection Agency
J.F.K. Building
One Government Center
Boston, Massachusetts 02203

Dear Mr. Gall:

Enclosed is a copy of my testimony delivered yesterday at the I.C.R. hearing in the McCormack Post Office Building, which outlines the position of the Greater Fall River Chamber of Commerce.

Will you kindly see to it that the testimony is made a part of the official record of the hearing.

Many thanks and congratulations on the excellent conduct of that meeting.

Very truly yours,

Bill

William J. Torpey
President

WJT:dl
Encl. (1)

P.O. BOX 1871 • 101 ROCK ST FALL RIVER, MA 02722

(617) 676-8226

10/24/78
BOSTON
EPA/PUB. HEARING

MR. TORPEY: My name is William J. Torpey. I am president of the Greater Fall River Area Chamber of Commerce.

I want to thank the committee for this opportunity to represent the nearly 1,000-Chamber members of our business and professional organization, in presenting a brief, but very positive position on the matter of total elimination of the cost recovery portion of the 1977 Clean Water Act.

As you well must realize by now, the City of Fall River has an outstanding history of service to this country/as a world famous cotton manufacturing community. The peak of this industrial achievement came a lifetime ago at the turn of the Twentieth Century and suffered a steadily declining economy until financial and social disaster struck during the depression era of the Thirties.

For the past 40-years, the people of Fall River have struggled to overcome many problems, not the least of which/included restoring its own dignity and pride, self-confidence and identity.

This WAR against "apathy and self-condemnation" has been waged with a mixture of success and failure/by every segment of our Fall River leadership... political, church, industrial management, and labor.....until right NOW...../TODAY.. ..those efforts are being rewarded.

The determination of Fall River citizens to "work together" for better neighborhoods...for a better city...has happened. A new multi-million dollar High School...Government Center...and Bicentennial Waterfront Park. A flurry of new construction by the banking institutions, housing for the elderly and commercial and industrial firms.

The birth of a new industry called TOURISM...previously unknown 14-years ago...has flourished and grown with the development of the Battleship Massachusetts, the Marine Museum, the Destroyer Joseph P. Kennedy, Submarine Lionfish and the nationwide P-T Boat Association. These have meant nearly 200,000-visitors each year to Fall River and some 4-to-5-million dollars of NEW MONEY, pumped into our economy each year.

We have seen the groundbreaking for a new revitalized Central Business District; an on-going water filtration plant and water main relining project; and so many more POSITIVE....PROGRESSIVE....happenings for Fall River.

Fall River cannot afford a STEP BACKWARDS. Fall River's people WILL NOT sit-back and watch it happen.

Without the specific details already presented to you and much more testimony from the manufacturers yet to be heard from....the unqualified position of the Chamber of Commerce is to totally reject the imposition of the ICR proposals by the federal government. With a current 6.8% unemployment factor in Fall River....affecting some 3,556-people out-of-work....such unfounded charges against our major employers will spell disaster for our economy.

On August 21, 1978, representatives of EPA, and the consulting firm of Coopers & Lybrand, heard the textile industry leaders of Fall River, their union leadership, supporting-industry officials, city, state and federal representatives headed by Congresswoman Margaret Heckler, clearly described the/affects of enforcing I.C.R. Loss of jobs and payroll income....possible plant closings....cannot be the Federal governments "goal". Every possible effort to adhere to anti-pollution standards have and will continue to be met by our industries....and these have been themselves very expensive, to say the least.

Gentlemen: As the spokesman for the Fall River Chamber of Commerce——I urge you to consider the total abolition of the ICR portion of the law. As Mrs. Heckler so forcefully stated this morning, ICR will not improve the clarity of our waterways---but it will have a devastating effect on the economic future of our city.

Again, we urge you to recommend adoption of Alternative #1 the deletion of ICR in any form---and subsequently---that EPA will recommend TOTAL abolition of such recovery payments by the Congress.

Thank you.

##############

State of Vermont

AGENCY OF ENVIRONMENTAL CONSERVATION

Montpelier, Vermont 05602

DIVISION OF ENVIRONMENTAL ENGINEERING

Department of Fish and Game
Department of Forests, Parks, and Recreation
Department of Water Resources
Environmental Board
Division of Environmental Engineering
Division of Environmental Protection
Natural Resources Conservation Council

October 23, 1978

Mr. John Gall
WC/ICR Coordinator
Municipal Facilities Branch
U.S. Environmental Protection Agency
Region I
John F. Kennedy Federal Building
Boston, MA 02203

RE: ICR Evaluation

Dear Mr. Gall:

I am writing to offer comment concerning the Industrial Cost Recovery System study now being conducted by EPA under mandate of the Clean Water Act of 1977. This office would like to express complete opposition to the concept and implementation of the ICR system for the following reasons.

1. An industry is as much a part of a community as a homeowner, shop owner, drug store, school, church, etc. and therefore should be treated no differently with respect to receiving the benefits of federal construction grants.

2. The ICR system operates to encourage industries to construct separate treatment facilities instead of joining with municipalities to build a single treatment plant. In our opinion numerous smaller treatment plants are more costly to build and operate than fewer, larger plants. Further they are less reliable, particularly when privately owned because the function of controlling effluent quality is peripheral to the manufacture of goods and private operators are frequently at the bottom of the pay scale, change jobs more frequently and require a greater program effort to train and surveil.

3. Administration of the ICR system imposes an unnecessary burden on small municipal governments which are forced to keep separate accounts suitable for federal audit.

4. The existence of an ICR system does not contribute toward the stated goals of the Water Pollution Control Act by causing or accelerating the abatement of pollution or in any way restore water uses or water quality.

5. The money repaid by an industry must be used in part to defray the cost of future pollution abatement work and such amounts used are to be deducted from the federal grant awarded at that time. The municipality gains no benefit from these funds, but must maintain an accounting of them. A small town may never again undertake a project qualifying for construction grants under PL 92-500 particularly recognizing the current trend of restricting eligibility.

6. Development and submission of ICR systems or commitment to do so add one more administrative step to final design and construction projects, already over burdened with red tape.

7. Deletion of ICR requirements from the program will help simplify planning requirements, reduce planning and administrative costs, encourage regionalized sewerage systems and lift unnecessary and continuing administrative burdens from small municipalities.

I trust the above summarizes our view of the ICR system. I would be happy to elaborate on these points if you wish.

Sincerely,

Reginald A LaRosa

Reginald A. LaRosa, P.E.
Director, Environmental Engineering

RAL/WCB/sec

cc: Elbert G. Moulton, Commissioner
Economic Development Department

City of Fall River, Massachusetts

SEWER COMMISSION
ONE GOVERNMENT CENTER
Room 308

October 21, 1978

Coopers & Lybrand
1800 M. Street N.W.
Washington, D.C. 20036

Attention: Mr. Edward J. Donahue, III

Reference: ICR Advisory Group
Study Alternatives

Dear Mr. Donahue:

This communication is in reference to our telephone communication of October 14, 1978 concerning the above referenced subject.

The alternatives presented were obviously well thought out and encompass a broad spectrum of ideas. Obviously, each alternative has it distinct advantages and disadvantages. However, we must not forget the reason why such a study was initiated!

As a result of some very persuasive industrialists in this country, especially the textile industrialists of the Northeast, Congress was convinced that the ICR requirements of Public Law 92-500 must be reconsidered.

Many aspects of the ICR requirements such as equity, water conservation, etc. were questioned and the time had come to thoroughly examine the effectiveness and need of such a program.

Equity of the systerm would be my main concern. Whatever approach is taken it must be one which is fair to industries so that their financial burden is not heightened.

Industries complaints of "double taxation" must be eliminated. Industries can not afford to have a drain on cash for a non-productive basis.

Although somewhat overlooked, an aspect of ICR which may be as equally important is the administrative burden placed on the grantee who must implement and monitor such a program.

City of Fall River, Massachusetts

SEWER COMMISSION
ONE GOVERNMENT CENTER
Room 308

Why burden the grantee with an administrative task for a program which has proven to be unsuccessful and not cost effective?

Along these same lines let us not forget that the so-called economic benefit to a grantee through ICR is not so beneficial. The grantees share of ICR remains constant for 30 years, the cost of administering and monitoring such a program will continually rise. Considering the rising rate of inflation and subsequent rise in labor wages, any economic benefit would certainly develop into a economic debit.

Also, it appears obvious that the intent of Congress regarding ICR has not been fulfilled. The revenues being returned to the Federal Government through ICR fall far below those projected in 1972. Surely, I would not be too far a miss in assuming that the administrative costs incurred by the Federal Government in implementing and maintaining such a program far exceed the amounts recovered via ICR payments. This is further strengthened by the fact that there are only a few municipalities throughout the country who have implemented an ICR program.

Another aspect to consider is the detrimental effect ICR will have combined with pretreatment costs and user charges. The combination of such factors could encourage industries to self treat. This would result in proportional increases in user charge costs and in debt service costs for the remaining POTW customers.

We see only one viable solution and that is to eliminate ICR. By eliminating ICR we address the intent of Congress with respect to the Moratorium Study; i.e. failing Federal program, unfair economic burden to industries, administrative headache to the grantee, so-called economic benefit to the grantee, .

The effectsof ICR are far reaching. We are not only concerned about the loss of jobs and industry, but also the detrimental effect on the tax base? People out of work only creats futher subsidies through unemployment, social security, ect. Cities, Towns, and States can not afford ICR.

City of Fall River, Massachusetts

SEWER COMMISSION
ONE GOVERNMENT CENTER
Room 308

Therefore, we strongly urge that your recommendation to the EPA be to abolish ICR and at the same time request that the EPA recommend to the Congress of the United States that the ICR aspect of the Clean Water Act be abolished.

In closing we would like to point out: It appears that far more than the majority, including officials of the EPA, favor the elimination of ICR, thus, the Congress of the United States must be convinced. Your recommendation to the EPA must be abolishment of ICR and that recommendation must be made in as strong and positive terms as possible.

Thank you.

Very truly yours,

Stephen W. Buckley

Stephen W. Buckley
Supervising Sanitary Engineer
Fall River, Sewer Commission

SWB/cn

cc: John Gall, EPA
Joseph S. Rego, Sewer Registrar-Fall River

CITY OF NEW BEDFORD
MASSACHUSETTS
DEPT. OF PUBLIC WORKS
WASTEWATER DIVISION

Mr. Mike Townsley
Coopers & Lybrand
1800 M St. NW
Washington, D.C. 20036

Dear Mr. Townsley:

The City of New Bedford wishes to thank Coopers & Lybrand for this opportunity to participate in this study which will affect the industry in our City to a great extent one way or another.

On August 21, 1978 your Mr. Ed Donahue provided us with the opportunity to point out some of the major concerns of the City and its industries personally. However, we would like to again point out some of our concerns that the reimposition of ICR will have on local industry.

One industrial concern is that several of our larger industries are subsidiaries of conglomerates based elsewhere. Reimposition of ICR requirements and the associated pretreatment requirements will probably result in a decision to phase out local operations which are located in old structures to probable more modern counterpart facilities in the South and West. Again indirectly penalizing the older northeast. This would be added on to the user charge requirement which is also in the immediate future. Currently all O & M system costs are on the Ad Valorem tax system.

We are also enclosing for your information a copy of our consultant's (Camp Dresser & McKee, Inc.) estimated ICR chart for six upcoming major wastewater projects (Mass. FY 78 priority list - $23.2 million). We have been meeting with local industry to show them what costs could be if ICR is not done away with.

In the near future we will also be forwarding an ICR chart showing projected costs to the 31 major local industries.

Again thank you for letting us participate in this study, the outcome of which will be very important to the City of New Bedford.

Should you require any additional information do not hesitate to contact me. The services of our local Industrial Wastewater Committee can also be made available if necessary.

Very truly yours,

Jack Turner

Jack Turner

Encl.

THE WOONSOCKET CALL

(THE EVENING CALL PUBLISHING COMPANY)

WOONSOCKET, RHODE ISLAND

EST. 1892

NANCY E. HUDSON
SECRETARY-TREASURER

September 15, 1978

Mr. Paul M. Flax
Coopers & Lybrand
1800 M Street N.W.
Washington, D. C. 20038

Dear Mr. Flax:

Enclosed is the answer of The Woonsocket Call to the questionnaire about the new sewerage treatment plant. Unfortunately, the lines are not straight with the paper and we had a great deal of trouble trying to get things in the right place.

You can see from the answers to the questionnaire that the effect on The Call would not be direct. Our combined user and capital recovery charges would probably be about $1,250 per year over what we are now paying in utility costs. That is not going to drive us out of business in and of itself. It is just another bit of fuel added to the fires of inflation.

The effect indirectly on us, however, could be dramatic if it results in the closing, moving or in non-expansion of existing industries and restricts introduction of new industry into the area. This particular section of the northeast has had one economic blow after another. We have tried to pull ourselves up by our boot straps and just when it seems we are making some headway, something like this comes along. It certainly does not help to decrease unemployment or move the economy of an already depressed area.

If we lose people or industry it means both our advertising and circulation will decrease, since our costs will not decrease accordingly. We would be forced to raise advertising and/or circulation rates,thereby losing more advertising and circulation, etc. It's a vicious spiral.

In essence, then, we are not affected directly to any great extent by the imposition of these charges. The indirect effect, especially as we are fighting for our lives as most other independent newspapers are also doing, could mean a sale or a closure of the paper if the impact on the area as a whole were to be of drastic porportions.

Sincerely,
The Evening Call Publishing Company

Nancy E. Hudson

(Miss) Nancy E. Hudson
Treasurer

neh/lml
enc.

COPY

October 6, 1978

Honorable Claiborne deB. Pell
U.S. Senator
325 Russell Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Pell:

This letter is being written after many hours of first hand communication with a number of our industrial members. Our discussions have lead us to believe that the imposition of the Industrial Cost Recovery charge will have a devastating economic impact on the Greater Woonsocket area. We have also discovered that the effect will only be felt initially by very few industries, but over the long run the economic effect will touch everyone's lives.

We have been told that because of economic stress, some businesses would have to close and relocate. At a time when the federal government is spending money to develop jobs, to support unemployed workers and at a time when the surrounding cities and towns along with the City of Woonsocket have joined in a pact to promote economic growth on a regional basis, the ICR charge would appear to be counter-productive.

The loss of one job or one hundred jobs is certainly going to tax all of our retail and service industries. It is also going to tax the individual citizens and home owners who, if faced with a shrinking tax base will have to pick up a larger portion of the taxes in order to maintain the services presently provided by the cities and towns.

We therefore, urge you to assist us in furthering our economic growth by repealing the Industrial Cost Recovery charge.

Sincerely,

James H. Bilyak
President

JHB/deb

cc: Paul M. Flax

COPY

COPY

October 6, 1978

Honorable John H. Chafee
U.S. Senator
3215 Dirksen Senate Office Bldg.
Washington, D.C. 20510

Dear Senator Chafee:

This letter is being written after many hours of first hand communication with a number of our industrial members. Our discussions have lead us to believe that the imposition of the Industrial Cost Recovery charge will have a devastating economic impact on the Greater Woonsocket area. We have also discovered that the affect will only be felt initially by very few industries, but over the long run the economic effect will touch everyone's lives.

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We therefore, urge you to assist us in furthering our economic growth by repealing the Industrial Cost Recovery charge.

Sincerely,

James H. Bilyak
President

JHB/deb

cc: Paul M. Flax

COPY

COPY

October 6, 1978

Honorable Fernand J. St. Germain
U.S. Representative
2136 Rayburn House Office Bldg.
Washington, D.C. 20515

Dear Congressman St. Germain:

This letter is being written after many hours of first hand communication with a number of our industrial members. Our discussions have lead us to believe that the imposition of the Industrial Cost Recovery charge will have a devastating economic impact on the Greater Woonsocket area. We have also discovered that the effect will only be felt initially by very few industries, but over the long run the economic effect will touch everyone's lives.

We have been told that because of economic stress, some businesses would have to close and relocate. At a time when the federal government is spending money to develop jobs, to support unemployed workers and at a time when the surrounding cities and towns along with the City of Woonsocket have joined in a pact to promote economic growth on a regional basis, the ICR charge would appear to be counterproductive.

The loss of one job or one hundred jobs is certainly going to tax all of our retail and service industries. It is also going to tax the individual citizens and home owners who, if faced with a shrinking tax base will have to pick up a larger portion of the taxes in order to maintain the services presently provided by the cities and towns.

We therefore, urge you to assist us in furthering our economic growth by repealing the Industrial Cost Recovery charge.

Sincerely,

James H. Bilyak
President

JHB/deb

cc: Paul M. Flax

COPY

Industrial Cost Recovery Public Meeting

Region II
Biltmore Hotel
New York, NY

10 AM October 18, 1978

EPA - Kenneth Stroller, II, UC/ICR Specialist
John Gall, EPA Washington

C&L - J. Mikul Townsley
Myron A. Olstein

24 Attendees:

Edward J. Brouillard II	Bergen County Utilities Authority
Margarey Davis	EPA, Region II
Robert Wheeler	Grumman Aerospace Corp.
Joseph R. Greeley	Dvirka & Bartilucci
James A. Hulme	American Cyanamid Corp.
Richard Sedlak	Sopa & Detergent Association
F. James Wound	Warner-Lambert Company
William McCabe	EPA, Region II
Douglas Tozzoli	Parsons, Brinckerhoff, Quade & Douglas
A. W. McKenna	Wiendiel Engineers, P.C.
Paul E. Peters	American Bakers Association
Mattew Foster	Country of Nassau, DPW
Robert Caddell	Westchester County, Dept. of Environmental Facilities
William H. Wechter	Greeley & Hansen
N. Gilbert	Lobsenz-Stevens, Inc. (for CTL)
M. HUNTER	EPA, RegionII
G. William Calascione	Pollio Dairy Products Corp.
Paul R. Paquin	Hydroscience Incorporated

Irwin Norwick	N.Y.C. EPA Dept. of Water Resources
Martin Rivlin	N.Y.C. EPA, Dept. of Water Resources
Joseph T. McGough	N.Y.C. EPA, First Deputy Commissioner of Envir. Protection
Douglas H. Starr	Thomas J. Lipton, Inc.
Maw Wong	N.Y.C. Staff of Congressman John M. Murphy
William Lauer	Clinton Bogert Associates

Complete presentations of
- Purpose of study
- Project scope of methodology
- Findings, conclusions and possible alternatives

Statements presented by

John T. McGrough, First Deputy
Commissioner, Department of
Environmental Protection, City of New York
Eliminate ICR

Honorable John M. Murphy, Congressman
from New York - as ready by
John Gall, US EPA
Eliminate ICR

COUNTY OF ERIE

EDWARD V. REGAN COUNTY EXECUTIVE
DEPARTMENT OF ENVIRONMENT AND PLANNING
DIVISION OF SEWERAGE MANAGEMENT
ROOM 1475

Joan E. Loring, Commissioner

October 17, 1978

Mr. Ken Stoller
U.S. Environmental Protection Agency
26 Federal Plaza
New York, New York 10007

RE: Industrial Cost Recovery (ICR)
Public Meetings
October 18, 20, 24 and 25

Dear Mr. Stoller:

Enclosed is a document prepared for a public hearing which was held in Buffalo on September 6, 1978. While this document was prepared to state our feelings regarding all aspects of PL 92-500 and the Clean Water Act of 1977, it reflects on a few points concerning ICR and industrial costs in general.

I would direct your attention to points Nos. 2, 3 and 4 which specifically deal with industrial cost problems.

Since we will not be attending, we ask that this letter and the enclosure be made part of the record. Your cooperation in this matter will be greatly appreciated.

Very truly yours,

Charles J. Alessi, P.E.
ASSISTANT DEPUTY COMMISSIONER

CJA/dn
cc: J. Loring
Enc.
File # 1150

ERIE COUNTY OFFICE BUILDING 95 FRANKLIN STREET BUFFALO N.Y. 14202 PHONE 716 846 8383

COMMENTS FOR STATE ASSEMBLY SUBCOMMITTEE MEETING
SEPTEMBER 6, 1978, STATE OFFICE BUILDING, 65 COURT STREET

The following comments represent Erie County Government's viewpoints about projected sewer costs and solutions to alleviate the tax burdens while still maintaining acceptable water quality:

1. Residential Sewer Rates - While the Committee is seeking projections of residential sewer rates within the next few years, Erie County Sewer District #2 is the only operational treatment plant funded under 92-500 within Erie County. Therefore, we can present actual cost figures for providing service. While most of the emphasis has been placed on the increased cost for treatment, one cannot forget the substantial cost for providing lateral sewer service to the newly sewered areas. Older communities, such as, cities and villages, who built their sewers in past years, will not experience these lateral costs. However, in District #2, the lateral sewer charge alone is as high as $160. per year for a single family home. Lateral sewer charges can be substantially higher for industries, commercial units, and other non-residential users.

   A number of items have caused sewer service to rise dramatically since the inception of the projects or the beginning of Public Law 92-500. These include: ever increasing State and Federal mandates, inflation, the energy crisis, increases in borrowing rates, construction costs, plus the expensive cost of actually operating these facilities.

   At the same time, the costs were increasing, we had a corresponding decrease in revenues because of the reduction in O & M aid from 33 1/3% to 25% and because of a curtailment in building due to a slow down in growth.

   By the very nature of these facilities, they consumed much more energy, use substantially greater amounts of chemicals which were never required with the older systems, and the manpower costs have gone up dramatically. Manpower costs have increased (1) because of the extra work required; and (2) due to the fact that these facilities are so sophisticated they now must be manned twenty-four (24) hours per day versus eight (8) hours per day, five (5) days per week under the older systems.

   An explicit example of how these costs have increase can be shown on the following table for Erie County Sewer District #2:

- Continued -

ERIE COUNTY SEWER DISTRICT # 2
COMPARISON OF COSTS
1970 vs. 1978

		1970	1978
Personnel Services		109,890	545,080
Equipment		3,600	50,825
Materials & Supplies		8,000	10,400
Chemicals		7,500	90,000
Power		13,000	190,000
Telephone		600.	12,000
Other Expenses		32,020	81,800
Debt Service		330,887	1,357,980
	TOTAL	505,497	2,288,085
Estimated Population		9,600	19,000
Per Capita Cost		$52.66	$120.43

While this table is explicit in showing District #2's increases in cost for the new facilities with respect to personnel, power and debt service, it is somewhat misleading because the District is not yet fully operational. In addition, there are a number of requirements in 92-500 for which District #2 is not in full compliance. These requirements, such as, I/I removal, sewer rehabilitation, and sludge disposal, would add even further costs. These additional items are not included in the above costs and represent future major expenditures for the Sewer District. In addition, in 1978, the District is only providing service to about 70% of the District, phosphate removal costs were not included in the 1978 budget, and about one third of the pump stations are not as yet fully operational.

This table typlifies errors in the basic 208 document. The 208 report identified a per capita cost of $51.00. This is about equal to the per capita cost in 1970 for District #2 prior to the new facilities being constructed or operational. Our exact 1978 costs are $120.43 per person with the expectation that these costs could be substantially higher in the future depending upon State and Federal mandates and the availability of O & M funds. In the 208 Study, the per capita cost of $33.00 of the Southtowns Treatment Plant is only for the treatment plant interceptors and does not include any of the cost for sewer rehabilitation, existing debt service or lateral sewer maintenance which can be significant.

The new treatment facilities which are presently under construction are really miniature chemical processing plants since the technology was modified from pre-existing chemical industrial technology. Consequently, it is just not feasible to take existing personnel, in most instances, and expect them to efficiently operate and maintain the new facilities. In the past, personnel were hired with minimal amounts of education, sometimes, with not even a high school education. Now, in addition to the operator's overall understanding of the treatment processes, most plants need chemists, engineers and biologists. Since there has been a rapid growth in the construction of these facilities nationwide, the demand for qualified personnel has far exceeded the supply. Unfortunately, and probably more importantly, while construction was progressing, there was no concurrent program to train personnel. This gross lack of qualified personnel can only lead to inefficient operation and maintenance which, in turn, will lead to uneconomical or costly operations. Consequently, this will only add to the bill for sewage treatment.

2. Industrial Sewer Charges - The major charges that can be experienced by industry are pretreatment costs, industrial cost recovery charges, and user charges.

Presently, industry is required to install best available technology to pretreat their wastes prior to discharge into a municipal system. There has been a relaxing attitude on the part of E.P.A. towards pretreatment requirements; however, in order to take advantage of them, it is a very cumbersome process. We do not have a good handle on industrial costs for pretreatment since they are unique to each particular industry and basically unavailable to us. However, the feedback we have from industry is that they are very expensive. The E.P.A. is presently considering less stringent requirements for industries discharging conventional pollutants which will not harm, or can be satisfactorily handled by the local P.O.T.W. This policy should be expanded to include even non-conventional pollutants where, they can be shown not to interfere to either the treatment process or the ability of a municipality to meet their discharge requirements.

The requirement for Industrial Cost Recovery charges is presently under review by E.P.A. with a report due to Congress by the end of the year. Industrial Cost Recovery charges can only add to the burden our industries must pay. These charges do nothing to improve the quality of the environment. They would shift the cost of sewage treatment from private residences to industries; however, this will result in three (3) major disadvantages: (1) Industries will merely pass these costs back to the people through their product; (2) industries can be put on an economic disadvantage because sewage treatment construction and operation is much more expensive for a new sewer district discharging to the Great Lakes versus a municipality which is discharging to a coastal waterway. (This is especially true if the municipality discharging into the Ocean can receive a marine variance);
and (3) since industry must pay their proportionate share of the Federal cost of the project, industries closer to the treatment works would end up paying less in sewer construction cost versus industries which are located some distance from the treatment plant: thus, causing an economic disparity even within a sewer district.

In the case of District #2, we have one industry whose I.C.R. charge would be $9.50 per daily case of product versus a second similar industry whose charge would be $25.00 per daily case of product.

An additional item of concern is the administrative cost to initiate, monitor and administrate an I.C.R. program.

User charges to industries require that the industry pay for the additional degree of treatment that is required to treat their wastes. While this would appear to be a very economical arrangement, one has to seriously question its effectiveness since it would entail a separate system of accounts for the municipality and would entail a large degree of data collection, interpretation and cost compilations.

Most industries do not discharge their difficult waste to be treated on a continuous basis. If they did, determining an equitable user charge would be much easier. Unfortunately, they may discharge this waste over a very short period of time. When this is compared to the total flow to the sewage treatment plant over an entire year, the cost of keeping the records might exceed the actual revenues received. Again, as before, any surcharges put upon industry would actually be charged back to the consumer through the price of the product. Also, as before, since the municipalities tributary to the Great Lakes must pay for operation and maintenance of expensive tertiary treatment facilities versus other areas of the State or even the County, industries in Western New York would be put at an economic disadvantage because of this requirement.

3. U.S. - Canadian Water Quality Agreement - Since this Agreement will impose even more strict effluent limitations, it will only cause more disparity between the sewer costs that our industries must pay versus other parts of the State or Country. It can only add to the amount that industry and the local taxpayer alike must pay.

It is a common and most fundamental engineering principle "that it is cheap to remove the first 90% of a pollutant; however, as you remove more and more, and approach 100%, the costs go up astronomically. Similarly, the cost to remove phosphorous to go from 6 mg/l to 1 mg/l will be relatively cheap compared to the cost to go from 1 mg/l to 0.5 mg/l. Consequently, one has to question the cost effectiveness or the cost benefit by removing this additional half part per million.

This is especially true when one considers the facts: (1) that the majority of phosphorous is from nonpoint sources, (2) only treatment plants with an average daily flow of greater than one mgd must remove phosphorous, and (3) that there is still a lot of skepticism as to the benefits of removing phosphorous or for that matter, to what concentrations the phosphorous must be removed. Consequently, we feel the money will be better spent through removing the phosphorous at nonpoint sources, such as, rural runoff, and requiring all treatment plants not just treatment plants over 1 mgd to remove phosphorous, if phosphorous removal is determined to be cost effective. The most important question, however, is the real need to remove phosphorous at all.

Region V of the Environmental Protection Agency issued a proposition paper that stated only 26% of the sources of phosphorous flowing into the Great Lakes is from Sewage Treatment (59% from agricultural runoff, 15% from atmospheric sources, 9% from detergents and 17% from human waste and garbage); therefore, even if phosphates are either banned from detergents or removed through efficient treatment plant operation, it will still be necessary to treat phosphorous contributed from other sources. Lowering the limit to 0.5 mg/l will essentially be ineffective, but very expensive.

4. Equitable Distribution of Costs

a) Industries - Industries should be allowed to discharge to municipalities without any surcharges in costs. Any restriction on industries should be based on treatability problems, i.e., if industries' discharge causes any problems with the collection, transmission or treatment of the wastes, then they should be required to pretreat prior to discharging into a municipal system. If the industrial waste contribution would preclude a municipality from meeting its discharge permit, likewise, industry should be required to pretreat. In making such a change, we would be encouraging industrial development within existing sewered areas. If such encouragement is not made, industry may relocate outside existing sewered areas which would force more of the cost to be paid on existing residential users. In addition, substantial cost savings would be realized through elimination of the cumbersome industrial cost recovery and user charge systems. Industrial monitoring and cataloging would still be required to insure compliance with the Sewer Use Ordinances and for protection of the public facilities.

b) Municipal discharges should be based on water quality criteria, not an arbitrary standard.

A minimum standard should be established for every municipality throughout the Country whether it be preliminary, primary, secondary, or tertiary wastewater treatment. Once this minimum standard has been established, then each municipality should pay the cost for construction, operation and maintenance of facilities to meet this minimum standard. For example, if it is determined that primary treatment is the minimum standard, then each municipality should pay for the primary portions of the treatment facilities themselves with the normal expected amount of 87½% aid.

If any municipality is required, because of water quality criteria, or otherwise, to improve upon this minimum standard of primary treatment, then either the State or the Federal Government should fund 100% of the costs to construct, operate and maintain these facilities above the minimum standards. The main rationale here is that in most cases, a municipality does not receive benefit of its own pollution control expenditures, but, rather, the benefits are received by its downstream neighbors which may be in another portion of the State, or for that matter, another State. In the case of the Great Lakes Basin, the benefit can be received partially by another country.

Since there is insufficient data to justify building tertiary treatment facilities, and there are insufficient personnel to run these facilities if they are built, consideration should be given to building and operating facilities which meet this minimum standard, or water quality requirements. While this is taking place, it will give us time to evaluate the need for tertiary treatment and the cost benefits of tertiary treatment.

5. Operator Training - Programs should be started immediately to train personnel in the construction, operation and maintenance of these new and sophisticated treatment facilities.

   There are monies available for training; however, this money seldom, if ever, is seen at a local level. When it is used, it is used in downstate New York. It is very difficult for local municipalities to afford to send an employee for two to three weeks at a time for training. Therefore, they have initiated a program to start training at our local Erie Community College. Financial assistance to the College with respect to this program would be a big asset.

6. Sludge Disposal - The ultimate disposal of the chemical and biological sludges produced at the new facilities needs to be further investigated. The E.P.A. should set up a program to handle and fund the ultimate disposal of solid waste in a safe manner. They must become an active partner in seeking workable solutions to sludge disposal and use of public, including Federal, lands for sludge disposal, should be aggressively promoted.

7. Administrative Red Tape - The E.P.A. and D.E.C. are presently involved in too many nonpollution related items in administering Public Law 92-500. The E.P.A. should leave the specific details of building a project such as, bidding, specifying products, etc. to the local municipalities. While there are obvious advantages in the present system, it is causing too many time delays getting E.P.A. approval and building the projects.

   It is very cumbersome to implement the intentions of the Federal Water Pollution Control Act because there are about 40 allied statutes and executive orders which have an impact on the construction grant program. These other 40 programs tend to bog a construction program down and add costly delays and expensive criteria to an already expensive program. In addition, there are State and local requirements which must be addressed. All of these requirements should be consolidated and reduced to have one effective program. The State should cut back on their provisions requiring stringent effluent standards to the Federal or E.P.A. levels. Municipalities who have already committed themselves to achieving these levels should be reimbursed in construction costs and O & M costs 100 percent.

8. Sanitary Sewer Overflows - The idea that all sanitary sewer overflows should be eliminated should be discouraged. A certain amount of sanitary overflows are cost effective without endangering the environment or public health. The cost effectiveness of trying to reduce all overflows does not exist.

9. New Changes to the Act, Executive Orders, Etc. - New administrative requirements, or even technical requirements, should not be imposed retroactively.

10. Credit to Municipalities Who Have Shown Initiative - Communities who took the initiative initially and went all out to build the new waste treatment projects should not be penalized by doing so. Too often, we have fought to get changes in the law because of problems we had with initiating our programs. Unfortunately, the laws were changed after the fact to the betterment of municipalities who drag their feet but to our detriment. We not only lost because of a lack of eligibility, but also, because we were the forerunners who spent the time and money to fight for changes in regulations or the laws.

11. Items Ineligible for Grant Assistance - A number of items, which are presently ineligible for aid, add significantly to projects which are necessary for new facilities construction and really considered an integral part of the construction program. These items would include interest during construction, land acquisition costs, garages and maintenance centers, and certain ineligible pieces of moving equipment.

12. Availability of Funds - The dollars currently available for water pollution abatement are nowhere near the staggering amounts needed to complete the objective of pure waters. Therefore, reconsideration should be given to supporting only the cost effective phases of a project. Those communities who already are in the process of completing their ultimate facilities should be reimbursed for any amounts spent over and above the cost effective solution. Recognition of the cost benefit factor is basic to continue progress in cleaning our waterways and maintaining public support for the Wastewater Construction program.

13. Financial Impacts - An important aspect of any program is whether or not it could be afforded. E.P.A. defines the project as expensive if operation and maintenance cost plus debt retirement cost are between 1.5 and 2% of the local median income. We are presently approaching 3% of the average family income in District #2, with the expensive programs of ultimate sludge disposal, sewer rehabilitation and full operation yet to be completed. Anticipated cost, exclusive of sludge disposal, is approximately $350. per dwelling unit.

14. Present E.P.A. Policy Shifts - While E.P.A. is presently considering alternatives which will reduce capital investments and O & M costs, most of Erie County's communities are already committed to the more expensive projects. In addition, they are overemphasizing such items (like on-site disposal) to a point where it is misleading people which can work to the detriment of a community or communities.

A case in point is the Town of Amherst which built its regional plant per mandates of the New York State Department of Environmental Conservation large enough to service the Town of Clarence and part of the Town of Newstead. Now, with the revised criteria of E.P.A., Clarence and Newstead are looking at on-site management system alternatives. If these towns are allowed to proceed, then Amherst will have built a plant which is extremely oversized for its own individual needs. If, in fact, they are allowed to proceed, then municipalities like Amherst should be reimbursed the costs to build the treatment facility bigger than their own needs.

There is a break even point with on-site systems; whereby, it is cheaper to consolidate plants and use areawide management (by Mr. Costell). While the pendulum was swung too much this way in the past, it now appears to be swinging too much toward the other direction, towards on-site disposal.

15. State Operation & Maintenance Aid - State Operation and Maintenance Aid is one of the few items of relief which our local municipalities can receive from high sewer costs. Realistically, it only represents about 5 - 10% of the total sewer charges to the individual taxpayer. But when you are talking about an annual sewer tax bill of $350. it means a reduction of $35. per home per year. Obviously, to be of any great benefit, the actual amount of aid would have to be substantially increased. (While the State is paying 25% aid, this aid is only for eligible items on the sewage treatment plant. It does not cover lateral sewer maintenance, interceptor sewer maintenance or administrative cost of a sewage treatment plant.) The Federal Government should provide O & M Aid to compensate municipalities for additional O & M costs which would put them in a disparity with other states in the Nation. Likewise, the State should supplement the O & M costs to the extent that the State requirements would exceed the Federal requirements for discharge.

Besides financial benefit, the State O & M Program has helped to improve sewage treatment, had a beneficial affect on maintaining and upgrading operational status of municipal wastewater treatment plants, and has been a useful administrative tool to improve all aspects of sewer service.

A more detailed justification is contained in the D.E.C. prepared document. (Technical Paper No. 44). A copy of which is attached.

16. Implementation of Advanced Waste Treatment - Advanced waste treatment projects should not be implemented unless a sufficient amount of monitoring and modeling has been done.

17. Staffing at the D.E.C. Level - The State should have more personnel to carry out their review of waste treatment projects. Locally, more staff will be required, and both the new staff and the existing staff must be trained with respect to the new wastewater treatment facilities. Presently, the local office does not have sufficient numbers of properly qualified people who can evaluate the performance of the new wastewater treatment plants.

In summary, therefore, we are experiencing growing pains as a result of pushing a program too fast. We are also guilty of accepting technology too soon and applying too much technology where it wasn't justified by the basic data, or was justified on incomplete data. We are also guilty of supplying modern technology without any provisions or guarantees that there would be sufficient qualified personnel to satisfactorily operate the new facilities.

It is extremely important that safeguards be taken, so that communities who progressed rapidly are not penalized for their quick actions, and, likewise, municipalities who delayed and dragged their feet are not benefited by such delays. Since advanced waste treatment usually does not benefit the municipality achieving it, consideration must be given by E.P.A. and D.E.C. to supporting all advanced waste treatment costs. To do otherwise, would put our local municipalities at an economic disadvantage to promote growth of residential areas, industrial areas, or to attract new residential-industrial activities.

Red tape must be cut and decisions must be made on sound engineering. Before some municipalities begin to run, all must know how to walk. Otherwise, the forerunners, will face gross financial problems.

CJA/dn
8/25/78
Enc.

Westchester County

ALFRED B. DEL BELLO
County Executive

WILLIAM G. BORGHARD, P.E.
Commissioner
Department of Environmental Facilities

October 30, 1978

Mr. Kenneth Stoller
New York-New Jersey Construction Grants
United States Environmental Protection Agency
26 Federal Plaza
New York, New York 10007

Re: EPA Industrial Cost Recovery Study
Clean Water Act of 1977

At the public meeting of October 18, 1978 in New York City relative to the above noted study, it was indicated that written statements may be submitted as part of the official record through November 6, 1978. This letter will constitute comment from the County of Westchester.

Of particular note at the meeting was the lack of comment from industry. While the consultants have obtained input from industry in prepapation of data, such input is limited and has been largely from selected industries. Realistic projections of actual user charges and I.C.R. charges to industries in the New York area generally are not available to industry. This fact, very likely, accounts for the lack of comment from the industrial community.

It is urged, on behalf of Westchester County's industries, in line with the philosophy behind the public participation requirements of the Federal Water Pollution Control Act, that a further moratorium on cost recovery payments by industrial users beyond July 1979 be enacted to allow meaningful participation by those most effected.

William G. Borghard, P. E.
Commissioner

cc: Coopers Lybrand ✓
Alfred B. Del Bello
Westchester County Association Inc.

532 County Office Building • White Plains, New York 10601 • 914 682-2613

MIAMI—DADE WATER AND SEWER AUTHORITY
P. O. BOX 330316
MIAMI, FLORIDA 33133

October 30, 1978

United States Environmental Protection Agency
Region IV
421 Peachtree Street, N. E.
Atlanta, Georgia 30309

Attention: Mr. John C. White, Administrator

Gentlemen:

Our Authority representatives attended the E.P.A. public meeting on Industrial Cost Recovery (ICR) in Atlanta, Georgia on October 26, 1978. They have reported fully on the presentations and statements made and have informed me of the opportunity to present additional statements for the public record prior to November 6, 1978.

A thorough discussion of the points raised at the public meeting leads us to conclude that the alternative involving abolition of ICR is by far the most desirable approach. Our reasons are described below.

We continue to feel very strongly that the ICR provision of P.L. 92-500 is especially onerous and financially counterproductive in an area such as Dade County, Florida where industrial wastewater represents such a small proportion (less than 4 percent) of the total wastewater treated. These proposed charges will certainly tend to discourage the expansion of our industrial base, which is viewed as especially important to the diversification of the local economy.

We concur with the study findings and various public statements that the ICR revenue returned to the Federal Government will be much less than originally projected and therefore is much less of a negative factor in considering abolition of ICR. In fact we feel that the cost of local litigation, which most certainly will be incurred because of the program's complexity, has not been adequately considered.

In addition to local funding factors, controls do exist at both State and Federal levels, to discourage grantees from constructing larger treatment works than necessary if ICR is abolished.

One very important factor, discussed at the hearing, involved the yet unknown effect of the new E.P.A. pretreatment regulations. At the very least, we feel the present ICR moratorium to June 30, 1979 should be extended until these regulations have been in place a sufficient length of time to evaluate their effect on the overall ICR problem.

Finally, should E.P.A. decide to recommend continuance of the ICR program in some form, we feel it should be limited totally to treatment plants, with rates established on an overall national level and with exemptions for areas whose total industrial usage is less than 25% of treatment plant capacity.

Thank you for the information provided and the opportunity to present this statement for the public record.

Very truly yours,

[illegible]

Garrett Sloan
Director

GS/GAK/bc

cc: The Honorable Stephen P. Clark
Mayor, Metropolitan Dade County
Dade County Courthouse, Second Floor
Miami, Florida 33130

Mr. Lester Freeman, Executive Vice President
Greater Miami Chamber of Commerce
1200 Biscayne Boulevard
Miami, Florida 33132

Mr. John Hurlebaus
United States Environmental Protection Agency
Region IV
421 Peachtree Street, N. E.
Atlanta, Georgia 30309

Mr. George A. King, Special Assistant to the Director
Miami-Dade Water and Sewer Authority
P. O. Box 330316
Miami, Florida 33133

cc: Mr. Myron Oldstein ←
Coopers and Lybrand,
Certified Public Accountants
1800 M Street, N. W.
Washington, D. C. 20036

Mr. Merritt R. Stierheim, County Manager
Dade County Courthouse
Room No. 911
Miami, Florida 33130

Industrial Cost Recovery Public Meeting
Region III
Benjamin Franklin Hotel
Philadelphia, PA

10 AM October 20, 1978

EPA - Greene Jones, III, Water Programs
Division Director
Thomas Maker, III, UC/ICR specialist
John Gall, EPA Washington
Thomas J. Moran, EPA Washington

C&L - J. Mikul Townsley
Myron A. Olstein

45 Attendees:

H. P. Green
Wyeth Laboratories

Paul Hess
Hershey Foods Corporation
Hershey, PA 17033

Howard J. Lobb
Black & Veaths Consulting Engineers
Kansas City, MO

H. J. Amici
Penna Power & Light Co

John E. O'Brien
Matlack, Inc.

Thomas L. Goodwin
W. Va. Dept. of Natural Resources

V. J. Gordon, Jr.
Roy F. Weston, Inc.

J. G. Weidman
Betz Lahs
Trevose, PA

Guy A. Aydlett
Hampton Roads Sanitation District

Jack Cooper
National Food Processors Association
Washington, D. C.

L. C. Gilde
New Castle Country
Delaware

J. B. Asilania
New Castle County
Delaware

John V. Dougherty
Gannett, Fliming, Corddy & Carpenter, Inc
Harrisburg, PA

John T. Kane
The Chester Engineers

Jim Canterbury
W. Va. Dept. of Natural Resources

D. S. Patterson
Prior Coated Metals

western union Telegram

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2016412552 TDMT LITTLE FERRY NJ 74 11-08 0142P EST
PMS COOPERS AND LYBRAND ATTN MYRON OLSTEIN, DLR
1800 M ST NORTHWEST
WASHINGTON DC 20036

ICR SHOULD BE ABOLISHED (C&L ALT 1)

I- ICR NOT COST EFFECTIVE. DUE TO INFLATION (8 PERCENT) FOR BCUA:

A- NET ADMINISTRATIVE COST IN EXCESS OF ICR REVENUES APPROXIMATELY $770,000

B- NET SUM OF "RECONSTRUCTION" FUND EQUIVALENT TO $61,000 IN 1978 DOLLARS INSIGNIFICANT COMPARED TO 34.3 MILLION DOLLAR GRANT.

II- EPA RETAINED ADMINISTRATIVE CONTROL OF GRANTS THEREFORE CONCERN OF EXCESSIVE DESIGN CAPACITY FOR INDUSTRIAL USERS NOT JUSTIFIED.

DETAILS AVAILABLE ON REQUEST

SF-1201 (R5-69)

western union Telegram

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J G COSTELLO, EXECUTIVE DIRECTOR
NNNN

Industrial Cost Recovery Public Meeting
Region III
Benjamin Franklin Hotel
Philadelphia, PA

10 AM October 20, 1978

EPA - Greene Jones, III, Water Programs
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L. C. Gilde
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New Castle County
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John V. Dougherty
Gannett, Fliming, Corddy & Carpenter, Inc
Harrisburg, PA

John T. Kane
The Chester Engineers

Jim Canterbury
W. Va. Dept. of Natural Resources

D. S. Patterson
Prior Coated Metals

Thomas Kulesze
Phila. Water Dept.

Fred Grant
EPA - Region III

R. P. Schiwall
A.W. Martin Assoc.

George a. Golia
Betz-Converse-Murdoch

William Moore
Rohm U Haas & Co.

Bob Reed
EPA - Finance

Paul R. Grandolfo
EPA - Audit

Jospeh Salwen
Crown Paper Board

J. Robert Gallegher
D.V.R.P.C.
Phila, PA

William C. Goelzer
Landis Sewage Authority
Vineland, NJ

Arthur S. Vanek
F. & M. Schaefer Brewing Co.
Allentown, PA

V. R. Hathaway
Jaca Corp
Ft. Washington

Richard Snide
Lehigh Valley Dairy
Allentown, PA

Blake C. Marks
Butz, Hudders & Tallman
Allentown, PA

D. G. Clarke
Rohm & Haas Co.

Paul J. Sieracki
Phila. Water Dept.

Bruce Kraeuter
Water Resources Agency for
New Castle County

M. D. Hopkins
PA State or United States
Breuers

Joseph W. LaCerra
C. Schmidts & Son
Philadelphia

Tom Heley
Phila Water

Bill Hoffman
EPA - Finance

John H. Williams
Western Electric
Allentown, PA

William A. LaFrankie
Pet Incorporated
Allentown, PA

Robert A. Schway
Landis Sewage Authority
Vineland, NJ

Gardner Cox
Perferdel Corp
Env. Improvement Committee
Phila, PA

C. D. Yoh
State of Maryland

Don Wchtz
City of Allentown

Michael D. Verra
City of Camden
New Jersey

Charles Bodo
Coopers & Lybrand

Complete presentations of

- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statements presented by

Representative for the Honorable Anmgelo J. Errichetti, Mayor of the City of Camden, NJ
Present restrictive UC and ICR requirements adversely affect Camden's ability to compete with other communities.

Jack Cooper National Food Processors Association
Abolish ICR or, if not possible, charge UC and ICR on only incremental industrial costs.

L. C. Gilde, Campbell Soup Company
Abolish ICR and provide for greater flexibility in developing user charges.

Howard Lobb, Black & Veatch Consulting Engineers, for the city and County of Baltimore, Maryland
Abolish ICR

ENVIRONMENTAL
ENGINEERS & PLANNERS

845 Fourth Avenue
Coraopolis, Pa. 15108
Phone: 412/771-4320
Phone: 412/262-1035

THE CHESTER ENGINEERS

October 30, 1978

Coopers & Lybrand
1800 M Street, NW
Washington, D. C. 20036

Attention: Mr. Myron Olstein

Gentlemen:

These comments are directed toward the ICR problem as presented in the public meeting attended by the writer in Philadelphia on October 20, 1978, and specifically in response to the handout at that meeting entitled "Preliminary Compilation of Possible Study Alternatives" and the discussions regarding that document.

The first alternative would abolish ICR which we as consultants to many sewerage agencies feel is the only practical solution to the many problems encountered with the ICR concept. The advantages listed for this alternative do not fully describe the situation. Small sewerage agencies are ill-equipped and staffed to perform the accounting tasks required by ICR and will be required to add staff in a non-productive area which will increase overall costs to the users of the system, all of which does nothing to clean up the waters of the country. In the case of large sewerage agencies, the ICR concept poses additional costly problems of administration due to the diversity and location of many "industries" in a metropolitan area. The disadvantages listed for this alternative are largely untrue. ICR provides no control over the design parameters of a treatment works. Sizing is controlled by other sections of the law (cost effectiveness, reserve capacity, pretreatment). The Federal government will receive no net revenues from the ICR concept when the corporate tax situation is considered, since the Federal government would receive only 50% of any ICR payment, but the industry could deduct as an expense 100% of the payment and it can fairly be assumed that such industries will be in the 50% tax bracket. The net effect to the Federal government is, therefore, zero.

In the discussions of this alternative, several allusions to the societal effects desired by Congress were made but were not quantified. While we are not sociologists, we find it hard to believe that anyone, including Congress, would conceive of society without including industry as an integral part thereof and, as such, the ICR concept is counter-productive to society in general. The whole idea of ICR seems incongruous when it is considered that through other agencies the Federal government is spending billions of dollars to encourage industry and to create jobs.

These comments have been directed toward the first alternative considered by Coopers & Lybrand because it is the only plausible alternative to those who will be saddled with the implementation of ICR if that concept is retained as a part of the clean streams program.

Very truly yours,

THE CHESTER ENGINEERS

John T. Kane

JTK/skw

cc: AMSA
K. R. Harrington
Thomas Maher

Commonwealth of Virginia

HAMPTON ROADS SANITATION DISTRICT

BOX 5000

VIRGINIA BEACH, VIRGINIA 23455

MAURICE A. PE[illegible]SON, P. E.
ASST. GEN. MG[illegible] &
DIR. OF ENGINEERING
MRS. ANNA MARIE BOTTOMS
SECRETARY
JAMES R. BORBERG, P. E.
DIR. OF CONSTRUCTION
EUGENE K. GOFFIGON
DIR. OF TREATMENT
ROBERT H. PORTER, JR.
DIR. OF FINANCE & ADMINISTRATION
DONNIE R. WHEELER
DIR. OF WATER QUALITY

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WILLIAM A. COX, JR.
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S. WALLACE STIEFFEN
CHESLEY H. McGINNIS

October 27, 1978

Mr. Thomas Maher
Environmental Protection Agency
Region III - Sixth & Walnut Streets
Philadelphia, PA 19106

Dear Mr. Maher:

As a result of HRSD's representation at the ICR public meeting on October 20, 1978, the following statement is presented:

The Hampton Roads Sanitation District, having had one of the first approved ICR systems in the country and having remitted money to EPA representing two years of ICR billing, has had a great deal of experience with ICR. The Industrial Cost Recovery program has not fulfilled any purpose for which it was intended. Preliminary findings of the Coopers & Lybrand study support this statement. It is apparent that any system of recovering grant costs from an industrial user of a Publicly Owned Treatment Works is neither cost effective, nor administratively practical.

The Hampton Roads Sanitation District is an active member of the Association of Metropolitan Sewerage Agencies (AMSA) and fully concurs with their recent statement calling for abolition of Industrial Cost Recovery.

I am sure that Congress's intentions concerning the basic concepts of Industrial Cost Recovery were good, however, our law makers must look at the practicality, reasonableness, and effectiveness of this "monster" which they have created. It is hoped that the findings in the Coopers & Lybrand study will be presented to Congress by EPA supporting discontinuation of the ICR program.

Thank you for this opportunity to comment and participate in the ICR review process.

Sincerely,

James R. Borberg
General Manager

tlm
cc: Myron Olstein, Coopers & Lybrand ✓
AMSA, Wash., D.C.

CITY OF SOUTH BOSTON
SOUTH BOSTON, VIRGINIA 24592

OFFICE OF
CITY MANAGER

August 24, 1978

Mike Townsley
Coopers & Lybrand
1800 M Street, N. W.
Washington, D. C. 20036

Dear Sir:

We are returning herewith the response to your request for information concerning the legislative study of Industrial Cost Recovery.

Where data is not precise we have given you the best possible estimate.

The secondary sewage treatment plant was, for all intent and purposes, completed approximately one year ago. However, to date the plant is still not performing to design criteria. There are several problems, mostly failure of substituted mechanical equipment, to function properly.

Though Council has adopted the I. C. R. System, and it is our intent to bill the industries as of June 30, 1978, this has yet to be done.

Those of us in small communities raise objection to the required contribution by industries who are "substantial users" of the system. A substantial user in South Boston (such as Daystrom Furniture) would not be required to contribute anything if they were located in a large metropolitan area where their consumption, for example, might be ½ of 1%, as opposed to 10 or 20% in a small community. It is a deterrent to having industry locate in a community.

Though we cannot prove that an industrial prospect did not locate here as a result of the I. C. R. system I can attest that it was a consideration and this community was not selected.

Some of the data is rough but hope it will be of some benefit.

Sincerely,

JAHoughton

J. A. Houghton
City Manager

Industrial Cost Recovery Public Meeting
Region IV
Civic Center
Atlanta, Georgia

10 AM October 26, 1978

EPA - Kirk Lucius, IV, Deputy Director of Water Division
John Hurlebaus, IV, UC/ICR Specialist
John Gall, EPA Washington

C&L - J. Mikul Townsley
Myron A. Olstein

47 Attendees:

Edward J. Brouillard II	Bergen County Utilities Authority
Margaret Davis	EPA, Region II
Robert Wheeler	Grumman Aerospace Corp.
Joseph R. Greeley	Dvirka & Bartilucci
James A. Hulme	American Cyanamid Corp.
Richard Sedlak	Soap & Detergent Association
F. James Wound	Warner-Lambert Company
William McCabe	EPA, Region II
Douglas Tozzoli	Parsons, Brinckerhoff, Quade & Douglas
A. W. McKenna	Wiendiel Engineers, P. C.
Paul E. Peters	American Bakers Association
Mathew Foster	County of Nassau, DPW
Robert Caddell	Westchester County, Dept. of Environmental Facilities
William H. Wechter	Greeley & Hansen
N. Gilbert	Lobsenz-Stevensens, Inc. (for CTL)
M. Hunter	EPA Region II

G. William Calascione	Pollio Dairy Products Corp.
Paul R. Paquin	Hydroscience Incorporated
Irwin Novick	N.Y.C. EPA, Dept. of Water Resources
Martin Rivlin	N.Y.C. EPA, Dept. of Water Resources
Joseph T. McGrough	N.Y.C. EPA, First Deputy Commissioner of Envir. Protection
Douglas H. Starr	Thomas J. Lipton, Inc.
Mae Wong	N.Y.C. Staff of Congressman John M. Murphy
William Lauer	Clinton Bogert Associates

Complete presentations of
- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statements presented by
Joseph T. McGrough, First Deputy Commissioner,
Department of Environmental Protection, City of New York
Eliminate ICR

Honorable John M. Murphy, Congressman
from New York - as read by John Gall, US EPA
Eliminate ICR

HARRY E. INGRAM .. MANAGER

COBB COUNTY

WATER AND POLLUTION CONTROL SYSTEM
1772 County Farm Road
MARIETTA, GEORGIA 30060

427-8481

November 3, 1978

Mr. John C. White
Regional Administrator
Environmental Protection Agency
345 Courtland Street
Atlanta, Georgia 30308

Re: Environmental Protection Agency
Industrial Cost Recovery Guidelines

Dear Mr. White:

We appreciate the opportunity to comment on the development and implementation of guidelines which have as significant an impact as the Industrial Cost Recovery guidelines. The intent of these regulations was encouraging initially. However, changes in related regulations and guidelines require careful consideration of those for ICR.

The original intent of PL 92-500 was to eliminate the discharge of pollutants to this country's waters. To achieve this goal, our government pledged the expenditure of vast sums of money to subsidize the construction of necessary treatment facilities. This money in turn came from the industrial and individual taxpayers who were to ultimately use these facilities. The initial thrust of the ICR requirement was industrial repayment of tax monies allocable to the treatment of such industrial waste to the extent attributable to the federal share of the cost of construction. Herein lies the major fallacy of the law. EPA, six years after the passage of PL 92-500, has not been able to arrive at a practical and impartial method in which to measure the economic effect of waste loads from what is considered like industries, let alone dissimilar industries discharging to the same POTW. Because the effect of the waste loads cannot be accurately measured against the capital cost, the ICR cannot be equitably proportioned between industries.

In conjunction with the ICR requirement, EPA has also implemented two other sets of regulations. The first is the linear rate schedule scale and the second is pretreatment requirements. Originally, pretreatment by industries was not implemented in cases where the treatment costs related to high concentrations of industrial chemicals were recovered through Industrial Cost Recovery. This allowed some option on the part of the industry. The present policies reflect EPA enforcing pretreatment consistent with best available treatment economically achievable. The result will be that industries are going to remove pollutant loads originally associated with Industrial Cost Recovery. The net effect is that ICR will not apply as originally conceived. This change in concept combined with implementation and administrative headaches results in ICR being a most impractical proposition.

The rate schedule is another factor affecting the treatment of industrial wastes. In the future, the EPA rates which don't reflect economy of scale will encourage new industries to locate where economy of scale for wastewater treatment can be achieved. The implementation will discourage the connection of industrial facilities to POTW. In the future, industries with wastewater easily treated will locate out of the POTW. Likewise, industries which have wastes difficult to treat will connect to POTW hoping the combined treatment schemes can remove or dilute the effects of trace pollutants which cannot be readily removed with economical treatment schemes.

A key factor ignored by most EPA personnel is the enforcement of these ICR regulations. In many instances, industrial wastewaters are discharged inside one political boundary and are treated in a second boundary. The enforcement of ICR under these circumstances will generate turmoil in the best situations.

The long term effect of the inconsistencies mentioned above will ultimately place detrimental economic burdens on local governments and private taxpayers. Also, the original objectives have been greatly diluted by pretreatment rate structure and reserved capacity requirements. The net effect is that ICR will not serve a purposeful function and should be abolished.

Sincerely,

Harry E. Ingram
Harry E. Ingram
Manager

Wm M. Floyd
William M. Floyd
Supervising Engineer

WMF:tb

cc: Ernest W. Barrett, Chairman, Cobb County Board of Commissioners

MIAMI-DADE WATER AND SEWER AUTHORITY
P. O. BOX 330316
MIAMI, FLORIDA 33133

Main Office
3575 S. LeJeune Road
Telephone 665-7471

October 30, 1978

United States Environmental Protection Agency
Region IV
421 Peachtree Street, N. E.
Atlanta, Georgia 30309

Attention: Mr. John C. White, Administrator

Gentlemen:

Our Authority representatives attended the E.P.A. public meeting on Industrial Cost Recovery (ICR) in Atlanta, Georgia on October 26, 1978. They have reported fully on the presentations and statements made and have informed me of the opportunity to present additional statements for the public record prior to November 6, 1978.

A thorough discussion of the points raised at the public meeting leads us to conclude that the alternative involving abolition of ICR is by far the most desirable approach. Our reasons are described below.

We continue to feel very strongly that the ICR provision of P.L. 92-500 is especially onerous and financially counterproductive in an area such as Dade County, Florida where industrial wastewater represents such a small proportion (less than 4 percent) of the total wastewater treated. These proposed charges will certainly tend to discourage the expansion of our industrial base, which is viewed as especially important to the diversification of the local economy.

We concur with the study findings and various public statements that the ICR revenue returned to the Federal Government will be much less than originally projected and therefore is much less of a negative factor in considering abolition of ICR. In fact we feel that the cost of local litigation, which most certainly will be incurred because of the program's complexity, has not been adequately considered.

In addition to local funding factors, controls do exist at both State and Federal levels, to discourage grantees from constructing larger treatment works than necessary if ICR is abolished.

United States Environmental Protection Agency
October 30, 1978
Page Two

One very important factor, discussed at the hearing, involved the yet unknown effect of the new E.P.A. pretreatment regulations. At the very least, we feel the present ICR moratorium to June 30, 1979 should be extended until these regulations have been in place a sufficient length of time to evaluate their effect on the overall ICR problem.

Finally, should E.P.A. decide to recommend continuance of the ICR program in some form, we feel it should be limited totally to treatment plants, with rates established on an overall national level and with exemptions for areas whose total industrial usage is less than 25% of treatment plant capacity.

Thank you for the information provided and the opportunity to present this statement for the public record.

Very truly yours,

Garrett Sloan
Director

GS/GAK/bc

cc: The Honorable Stephen P. Clark
Mayor, Metropolitan Dade County
Dade County Courthouse, Second Floor
Miami, Florida 33130

Mr. Lester Freeman, Executive Vice President
Greater Miami Chamber of Commerce
1200 Biscayne Boulevard
Miami, Florida 33132

Mr. John Hurlebaus
United States Environmental Protection Agency
Region IV
421 Peachtree Street, N. E.
Atlanta, Georgia 30309

Mr. George A. King, Special Assistant to the Director
Miami-Dade Water and Sewer Authority
P. O. Box 330316
Miami, Florida 33133

western union Telegram

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Dr R

ICS IPMBNGZ CSP
6156374558 TDBN KNOXVILLE TN 108 11-01 0438P EST
PMS DIRECTOR REGION 4 ENVIRONMENTAL PROTECTION AGENCY, DLR
345 COURTLAND ST
ATLANTA GA 30308

ALL POSSIBLE STUDY ALTERNATIVES INCLUDED IN UNITED STATES ENVIRONMENTAL PROTECTION AGENCY INDUSTRIAL COSTS RECOVERY STUDY THOROUGHLY REVIEWED AND ANALYZED. IT IS THE RECOMMENDATION OF GREATER KNOXVILLE CHAMBER OF COMMERCE UPON ADVICE OF ITS ENVIRONMENTAL QUALITY TASK FORCE THAT ALTERNATIVE NO. 1 BEING THE COMPLETE ABOLISHMENT OF INDUSTRIAL COST RECOVERY BE SELECTED AS RECOMMENDED ALTERNATIVE BY COOPERS AND LYBRAND AND EPA. SHOULD THIS ACTION NOT BE TAKEN RECOMMEND ALTENATIVE NO. 14 BE SELECTED TO EXTEND CURRENT ICR MORATORIUM. INDUSTRY HAS BORNE BURDEN OF RECOVERY PORTIONS OF CAPITAL COSTS OF TREATMENT PLANTS LONG ENOUGH. URGE YOUR

western union Telegram

SERIOUS CONSIDERATION OF THIS REQUEST TO END DOUBLE TAXATION OF INDUSTRY.

SINCERELY,
I O JOHNSON, PRESIDENT
NNNN

[illegible] A. ROSENBAUM
MAYOR

J. W. FORRESTER
CITY MANAGER

CITY COUNCIL
M. R. ANDERS
BILLY FORT
DR. HOBERT KORNEGAY
BROGAN PRICE
JIM SPEED

MUNICIPAL BUILDING
CITY OF MERIDIAN
COUNCIL-MANAGER GOVERNMENT
MERIDIAN, MISS.

OFFICE OF
MAYOR

October 25, 1978

U. S. Environmental Protection Agency
via
Region IV Public Hearing of October 26, 1978

RE: Industrial Cost Recovery System

Gentlemen:

The City of Meridian, after six years of diligent effort under Public Law 92-500, is on the brink of launching its construction program of wastewater treatment facilities. We are deeply concerned with the implications that the proposed Industrial Cost Recovery System will bring to our city of about 50,000 people.

We wish to take this opportunity to express our objection to the ICR System for the following reasons:

1. Administration of the ICR System will be a tremendous burden, and vexing to say the least. In our small town (but the second largest in Mississippi), we have about 400 commercial and industrial users who would probably become entrapped in the system. We can visualize a separate division of our water and sewer department just to administer the program.

2. At what flow value would a user be exempt from the ICR System? There are certain fixed administrative costs, such as sampling, analyzing, billing, collecting and record keeping which are independent of the flow quantity of the user. In our opinion, administrative costs would exceed the present ten percent (10%) of the total charges which municipalities would be allowed to retain.

3. Due to the strict effluent limitations placed upon our community, the ICR charges would be higher here than in some of our neighboring communities where

Page Two
U. S. Environmental Protection Agency
October 25, 1978

lesser (secondary) discharges are permitted. This differential in charges would place our community in an unfair position in trying to attract new industry, or keep the industry which we have for that matter.

4. We also believe that such a system will tend to drive industry out of municipal systems, even to rural areas at a location where the industry, as a separate discharger, could utilize secondary treatment.

We respectfully request that you seriously consider these arguments in forming your opinion.

Yours very truly,

I. A. Rosenbaum
Mayor

IAR/gy

ALBA-WALDENSIAN, INC.
VALDESE, NORTH CAROLINA 28690 · 704 874-2191

October 12, 1978

Mr. John C. White
Environmental Protection Agency
Civic Center - Room 201
Piedmont Avenue
Atlanta, Georgia 30308

Re: EPA Public Meeting on Industrial Cost Recovery

Dear Mr. White:

I have your announcement about the upcoming EPA meeting in Atlanta on October 26, 1978 and have these comments that represent a consensus of our President and Officer group here at Alba-Waldensian.

Although we are strongly civic minded and believe in paying our way, we are non the less in the textile industry and with inflation, foreign imports, regulations and all the other adversities of modern business, hard pressed to meet our responsibility to our employees, stockholders, and the public in general.

We believe that the cost of proper waste treatment should be spread more broadly to all facets of American society.

Specifically, Valdese's water and waste treatment utilities have in the past been amortized on a self-supporting basis, so that to a degree Alba-Waldensian will have to pay twice for facilities now in use. Also, due to our quantity of facility usage, we have had to declare future needs of waste treatment that we may or may not use.

If the moratorium declared on industrial cost recovery is rescinded, waste treatment facilities should be amortized on the longest possible life of the facility.

Finally, we think that protecting the environment is a responsibility of all United States citizens, therefore corporate citizens should not

SALES OFFICE EMPIRE STATE BUILDING NEW YORK, N. Y. 10001
DUNS 314-7915

have to pay 100% of our capital waste treatment cost. Providing jobs is a responsibility of all citizens and should be supported accordingly.

Yours sincerely,

ALBA-WALDENSIAN, INC.

Philip H. Garrou

Philip H. Garrou
Senior Vice President

PHG:lc

CC: Mr. Richard E. Whitley
Town Manager
Valdese, North Carolina

Honorable James T. Broyhill
House of Representatives
Rayburn House Office Building
Washington, D.C. 20515

Valdese Manufacturing Company
TEL. 704 874-2156 VALDESE, NORTH CAROLINA 28690

Quality Knitting Yarns

October 23, 1978

SPECIAL DELIVERY

U.S. Environmental Protection Agency
Region 4
1421 Peachtree Street, N.E.
Atlanta, Georgia 30309

Gentlemen:

The following are comments in connection with the Region 4 EPA public meeting to be held on October 26, 1978, in Room 201, Civic Center, Atlanta, Georgia.

Some time ago, as part of the requirements of Section 75 of the Clean Water Act of 1977 (P.L. 95-217) Valdese Manufacturing Company, Valdese, North Carolina, signed a more or less open-end contract to purchase a stated amount of daily water consumption from the Town of Valdese, North Carolina. The proposed construction was the eastern outfall in the Hoyle Creek expansion of the Town of Valdese.

Valdese Manufacturing Company is a textile yarn manufacturing company with a large yarn dyeing facility. It is essential that we have proper filtration and sufficient volume of water to carry out the manufacturing purposes of our company. We employ approximately 400 people within the Town Limits of Valdese, North Carolina, and our annual volume of sales is in excess of $20 million.

The requirements under Section 75 of the Clean Water Act of 1977 requiring users of water filtering facilities under the Industrial Cost Recovery (ICR) program to sign open-end contracts is certainly inconsistent with general business practices. To be required to sign a binding contract to pay an unspecified amount for filtration plant construction at some date in the future is, in my opinion, economically dangerous. We would pledge to pay all cost overruns, inflation and general changes in construction cost without having any idea what the ultimate cost of such a project would be. There is also a question in our minds as to who would own the facility if ever completed and who would have jurisdiction over the amount of water filtering capacity that would be owned by our company. We have questions as to the tax treatment of such proposed expenditures. In total, I find the whole program most unbusinesslike and possibly inequitable to new businesses coming into the town and county and to the residents of the Town of Valdese. I do not believe that this is the intent of the act.

PACKAGE DYERS OF ALL TEXTILE YARNS
COMBED • MANUFACTURERS OF COTTON YARNS • CARDED

The uncertainties for Valdese Manufacturing Company of financing as attempted under the Clean Water Act of 1977 is certainly questionable since a slight miscalculation by us, as to our future water usage, could result in a serious economic problem for our company. Also, our competitors in neighboring cities who have already funded the cost of their water consumption under regular procedures would certainly be at a tremendous competitive advantage with a dyehouse whose water cost would be determined by the ultimate cost of this open-end contract. At present, the U.S. textile industry is at a serious disadvantage with imports from the eastern countries of the world. To add additional costs as would occur under the Clean Water Act of 1977 would only result in a further disadvantage in world trade to the domestic textile market.

In the past, supplies of water for the purposes described in the preceding paragraph have been provided out of current taxes and the industries consuming the major portion of the water paid the major portion of taxes as a result of their large asset base and also paid for the gallons of water consumed. This appears to be the only fair and equitable manner in which a facility of this type can be financed along with funds granted by state and federal agencies.

Yours very truly,

VALDESE MANUFACTURING COMPANY

Phife C. Ross

Phife C. Ross, President

PCR/gb

cc: Mr. Richard Whitley
Mr. Ed Pascal

DeKalb County

556 North McDonough Street / Decatur, Georgia 30030 / 404-371-2881

Board of Commissioners

Walter B. Russell, Jr., Chairman

William A. Williams, District 1
Liane Levetan, District 2
Robert E. Lanier, District 3
James M. Patterson, District 4
Brince H. Manning, III, At Large
Manuel J. Maloof, At Large

October 26, 1978

Mr. John White
Regional Administrator
Environmental Protection Agency
345 Courtland Street, N. E.
Atlanta, Georgia 30308

RE: DeKalb County's Statement
Opposing Industrial Cost
Recovery (ICR) - Public
Hearing of October 26, 1978

Dear Mr. White:

Attached is DeKalb County's official statement opposing any form of Industrial Cost Recovery. This statement was compiled in 1977 and our position has not changed.

The ICR concept in any form or extent results in an additional and unwarranted tax on industry which will be passed on to the consumers and taxpayers of DeKalb County and throughout the nation. This type of tax is highly inflationary and will become a model of Federal government bureaucracy and inefficiency.

In these times of great concern by our taxpayers about the need for cutting taxes, I think the members of Congress and EPA should be aware of the consequences of such programs as ICR.

Not only is ICR an inflationary tax, but it would create inequities in sewerage rates between adjoining counties. This would interfere with the competitiveness of plant location and would also influence the movement of existing plants. This unwarranted interference with the affairs of local government is intolerable.

We also oppose ICR because it makes the EPA construction grant program a loan program, requiring the payback of so-called grant funds back to the Federal Treasury. This is highly inefficient and I do not think this should be the intent of the EPA construction grant program. If it is called a grant program, then that is what it should be.

Your cooperation in this matter will be greatly appreciated.

Sincerely,

Walt Russell

Walter B. Russell, Jr.
Chairman, Board of Commissioners

WBRjr/cp

CITY OF ATLANTA

MAYNARD JACKSON, MAYOR
DEPARTMENT OF FINANCE
601 CITY HALL
ATLANTA, GEORGIA 30303
404/658-6480

CHARLES L. DAVIS
Commissioner of Finance
W. ROY SMITH, Director
Bureau of Management Systems

ROBERT H. JONES, Director
Bureau of Financial Analysis and Auditing
DORIS H. WILLIAMS, Director
Bureau of Treasury, Licensing and Employee Benefits
RONNIE L. PATTERSON, Director
Bureau of Accounting and Budget Administration

October 26, 1978

Mr. John C. White, Administrator
Region IV, Environment Protection Agency
1421 Peachtree Street N.E.
Atlanta, Georgia 30309

Dear Mr. White:

SUBJECT: Position Paper on I.C.R.

The City of Atlanta is proceding with it's plans to develop and implement an I.C.R. System in accordance with Public Law 92-500 and the grant conditions upon which we have accepted E.P.A. grants. The Mayor and the City of Atlanta's Department of Finance have, however, expressed opposition to the I.C.R. provisions of PL 92-500.

Submitted herewith are documents which set forth our opposition.

1. A position paper prepared by the City of Atlanta's Department of Finance and the DeKalb County Water and Sewer Department for presentation to the Municipal Finance Officers Association International Conference on Public Finance held in April, 1977. This was adopted by the Municipal Finance Officer Association.

2. A copy of a resolution prepared by the City of Atlanta Mayor's Office for presentation to the U. S. Conference of Mayors.

We hope that this data will be of value in your I.C.R. study.

Sincerely,

Charles L. Davis

Charles L. Davis
Commissioner of Finance

CLD:HB/rbc

Enclosures

cc: Jim Highsmith

Proposed Resolution No. 32

Water Pollution Control and
Industrial Cost Recovery

Mayor Maynard Jackson
Atlanta

1) WHEREAS, all cities are required to abide by the Federal Water Pollution Control Act Amendment of 1972, Public Law 92-500 for the adequate control of water pollution; and

2) WHEREAS, Section 204(b)(1) of this Act requires local governments to make provisions for industrial cost recovery/user charge systems for the purpose of defraying cost of construction of treatment systems by charging industries based on their industrial wastes: and

3) WHEREAS, many cities throughout the country have not implemented industrial cost recovery systems because of financial hardships and inadequate regulations; and

4) WHEREAS, the implementation of industrial cost recovery systems requires sophisticated accounting systems, pollution detection systems and means of enforcement; and

5) WHEREAS, Section 204(b)(1) and (2) infringes upon the rights and responsibilities of local governments independently to set rates, assessments and charges for waste treatment services; and

6) WHEREAS, undue complications will develop because of overlaps in service areas over political boundaries; and

7) WHEREAS, stringent methods of coordination will be difficult to institute among participants to avoid duplication of effort, as well as gaps in the data base; and

8) WHEREAS, all cities must achieve maximum water pollution control as effeciently, economically, and quickly as possible to assure the health and welfare of their residents;

9) NOW, THEREFORE, BE IT RESOLVED that the U.S. Conference of Mayors seeks relief from Congress and the Carter Administration because of the tremendous difficulties involved in the implementation of the industrial cost recovery systems within the Federal Water Pollution Control Act Amendment of 1972, Public Law 92-500, as amended.

Projected Cost: Not computable.

123

POSITION PAPER

INDUSTRIAL COST RECOVERY

The City of Atlanta and DeKalb County oppose Section 204 (b) (1) (B) of the Federal Water Pollution Control Act Amendments of 1972 (PL 92-500) for the following reasons and recommends that it be rescinded in its entirety.

I. The stated intent of Section 204 (b) (1) (B) is that "industrial users of the treatment works make payments for that portion of the cost of construction of such treatment works (as determined by the administrator) which is allocable to the treatment of such industrial wastes" since it is deemed to be inappropriate "to subsidize industrial users from funds provided by taxpayers at large."

Industries pay taxes as well as private citizens. Thus to charge industrial users for plant construction while not charging private users is to discriminate against industrial users. This is particularly true in the City of Atlanta and DeKalb County where an industrial surcharge is already imposed on industrial strength waste. Given that such a charge as that imposed by the Industrial Cost Recovery requirements was equitable, it would still in most cases be passed along to the private citizen in the form of higher prices for the commodities produced by the affected industries. Thus instead of the private citizen paying only taxes for plant construction costs, he is now faced with numerous possible additional costs. These include higher prices for the commodities produced by industries who must now pay the Industrial Cost Recovery Charge. Also included is the high cost of the Federal, State and local bureauracy needed to administer and police such an unwieldy system. The administrative and operational costs of the local government which must implement and operate the ICR System must also ultimately be paid by the local citizen. There is also the risk of the affected industry relocating elsewhere or of new industry locating elsewhere with the resulting effect this has on the tax base. The positive effect of Industrial Cost Recovery on the private citizen would appear to be non-existent since in no case will his costs be reduced (there is no mention of reduced taxes for the private citizen) and ICR would seem to have no effect on the amount of strength of effluent discharged. The main effect of ICR would seem to be a distribution of tax funds from the wastewater facilities to other federal programs at the expense of industry which must pay Industrial Cost Recovery charges and the private citizens which must pay increased costs for products.

II. The excessive cost of implementation versus the questionable benefits to be derived make Industrial Cost Recovery uneconomical from a cost-benefit standpoint. This applies to the local, state and federal levels, particularly to the local level. A local government is faced initially with the cost of instituting a Industrial Cost Recovery System which is quite costly (from $50,000 to $200,000) given many industrial users, cross jurisdictional problems, many waste-water treatment facilities and a large number of grants. Following the implementation of an Industrial Cost Recovery System is the ongoing annual costs of monitoring, enforcement, maintaining the necessary accounting systems, auditing, and bill collecting. On the state and federal level is the cost of administering and policing the vast system which would seem to require considerable review, auditing, and regulation. The legal costs of implementing and enforcing such a system also needs to be considered, from the standpoint of disputes between the federal and state governments and the local governments; disputes between local governments when a wastewater plant covers more than one jurisdiction; and disputes between the local governments and industries within that jurisdiction.

III. The implementation and operation of an Industrial Cost Recovery System would be an administrative and accounting nightmare at all levels of government. The detail required to make implementation equitable among all of the industries involved, the ongoing accounting structure necessary, the annual monitoring required, and the policing required by all levels of government to inusre compliance would be both excessive and costly. Since "each new grant requires a separate consideration of Industrial Cost Recovery," and grants are generally received for individual plants and lines, it is conceivable that there could be five

VIII. While the question of rescinding Section 204 (b) (1) (B) of PL 92-500 is being discussed, the City of Atlanta and DeKalb County propose that moratorium be placed on the implementation of ICR and that a detailed study of its impact on local governments, industries, and the Federal bureaucracy be made. If a moratorium is not declared, we request that the impact study be made anyway, with sufficient local government input and participation and that the ICR System requirement be greatly simplified in its operation and administration, perhaps making it a simplified part of the user charge system. Also, if Section 204 (b) (1) (B) is not rescinded, we request that the Federal portion of the grant repayment provision of the ICR requirement be rescinded, with all of the ICR funds retained by the local governments.

IX. The City of Atlanta and DeKalb County propose that the attached resolution be considered and adopted by the 71st Annual Municipal Finance Officers Association International Conference on Public Finance. Also, that this resolution be brought to the attention of the highest levels of the Federal, State and local governments, industry and commerce.

JE/MR/sm
4/15/77

"Industrial Cost Recovery charges to industry may encourage some industrial users to leave publicly owned systems, thereby complicating nationwide attainment of the water quality goals called for in PL 92-500," and "The added costs passed on to industry might also encourage some businesses to relocate in communities where waste treatment works are built without assistance from PL 92-500 programs." The implication of the above to the affected local government is manifold. First, its tax base is reduce. Second, it may be left with considerable excess capacity in its treatments plants, a high portion of the cost of which is fixed. Third, the jobs provided by that industry may be lost to the community. The burden on the private citizen remaining in the area is thus increased. While the ability of industry to avoid paying Industrial Cost Recovery charges by moving from one municipality to another is short run, this provides little solace to the municipality thus affected by this unfair advantage created by ICR requirements.

IV. The Industrial Cost Recovery requirement is a prime example of the Federal government's interference in local financial affairs. PL 92-500 should be implemented with Federal grant participation only, but the ICR requirement makes it a combination loan and grant program because 50% of the ICR funds collected must be returned to the Federal government. It should be left up to the local governments to determine what their rate structures should be based on all cost factors required for operation, maintenance, replacement, and capital improvements. The natural competitiveness between communities and the political structure would tend to set rate structures which would be fair and equitable to all citizens and industry based on costs and the industry's contribution to the community. If citizens or industries are unhappy with the rate structures, they can work through the political and judicial process to correct any inequities.

VII. If the ICR requirement is not rescinded at this time, then it will die a slow and painful death several years from now as the insurmountable problems of implementation and government red tap are encountered. The time to act is now to avoid untold millions of wasted taxpayer dollars required to implement and administer ICR and to avoid the inflationary pressures and loss of tax base for many local governments.

STATEMENT ON INDUSTRIAL COST RECOVERY
BY
THE LOUISVILLE AND JEFFERSON COUNTY (KENTUCKY) METROPOLITAN SEWER DISTRICT (MSD)
FOR
EPA REGION IV PUBLIC MEETING OF OCTOBER 26, 1978

The intent of Congress with respect to the Industrial Cost Recovery (ICR) plan has been argued by experts. Whatever the arguments, we know that for six years we have not been able to produce a fair and equitable set of procedures for ICR because the law itself is neither fair nor equitable.

Congress should not demand that only one class of customer, industry, reimburse the federal government for 201 grant money spent on their behalf when other customers are not asked to do the same. The money comes from all federal taxpayers, including industry.

If industry is required to pay the ICR charges, the estimated $2 billion cost will be passed on by industry to the consumers with an additional profit markup. The federal government should display its concern for inflation by not imposing the ICR on American consumers.

Under PL95-217, an industrial user with a flow equivalent to 25,000 gallons or less per day of sanitary waste (residential equivalent of BOD and SS) is exempt from ICR. If this were 25,000 gallons or less per day of volume, the exemption would be acceptable. However, as written, this is what happens when applied to MSD customers.

MSD has approximately 1,800 current industrial customers subject to ICR under the old definitions. We believe only 10% of these would be charged ICR under the PL95-217 exemption. However, since volume alone is not the sole criteria, all industrial customers are suspect. Therefore, all 1,800 industrial customers must be monitored and sampled annually to determine loadings that would be used for the residential equivalent test. Billings would be calculated, using unit ICR costs for volume, BOD, and suspended solids, for all 1,800 industrial customers to determine which industries exceed the exempt bill calculated for a 25,000 gallon per day customer using residential loadings. Bills would then be issued for all industrial customers exceeding the exempt billing.

MSD would incur the cost of calculating 1,800 bills but would actually bill only 180. Some of the customers billed would be industrial customers discharging wastewater far cleaner than the average residential discharge but who would be penalized because of their volume.

We understand that Coopers & Lybrand, in its report to EPA, has concluded that the average cost of the ICR program per grantee will be slightly less than $20,000 per year. MSD can assure you that its cost will be at least ten times this amount unless the program is simplified.

MSD has commenced a twenty-year expansion program to implement the 201 plan for Jefferson County, Kentucky. Each year MSD will be entering into new 201 grants and completing old 201 grants for various phases of the project. Based on past experience, MSD predicts that for each grant it will take years for EPA to make a final audit and determine the final grant amount. Since the grantee is required to begin billing ICR when the facilities are placed in operation, the billings must be issued subject to adjustments.

MSD will constantly be adjusting prior billings because of the cumulative effects of adjustments to the ICR charges due to EPA interim audits, EPA final audits, resolution of grantee/EPA disputes regarding grant eligibility of costs, and changes in customer loadings. For these reasons, it will not only be costly to maintain the annual ICR program, but it will be impossible to produce accurate annual billings.

To date, MSD has determined only the method it will use in calculating the ICR unit costs of volume, BOD, and suspended solids. The uncertainties and the continual series of regulatory revisions have precluded MSD's development of a complete ICR program. To have incurred the cost of attempting to complete the development of an ICR program, while knowing changes in the regulations and the law were being considered, would have been irresponsible. Therefore, due to factors beyond our control, it appears MSD will not meet the July 1, 1979 deadline, and construction of facilities needed for a healthier environment will again be delayed because of federal requirements.

MSD recommends the elimination of ICR provisions from the Federal Water Pollution Control Act of 1972 (PL92-500) and the Clean Water Act of 1977 (PL95-217).

Unless or until the ICR requirements of the law are eliminated, MSD urges EPA to develop regulations for the program that:

1. Define an industrial user based on categories A, B, D, E, and I of the SIC Code.
2. Exempt industrial users who:
   a. Discharge 25,000 gallons or less of wastewater per day; or
   b. Discharge in excess of 25,000 gallons of wastewater per day with BOD and suspended solids loadings equal to or less than the grantee's average residential user.
3. Allow each ICR bill to be reduced by a credit for 25,000 gallons of wastewater per day using the grantee's average residential loadings for BOD and suspended solids.

4. Defer requiring the grantee to have an approved ICR program until the grantee's first 201 Step 3 grant has been completed and EPA has made a final audit and has determined the final grant amount.
5. Exclude any 201 grant until after the facilities constructed are in operation and EPA has made a final audit and has determined the final grant amount.

J. C. Taylor
Secretary-Treasurer
Louisville and Jefferson County
Metropolitan Sewer District
400 South Sixth St.
Louisville, Ky. 40202

GWINNETT COUNTY WATER POLLUTION CONTROL DEPARTMENT

POLICY POSITION OF GWINNETT COUNTY, GEORGIA ON INDUSTRIAL COST RECOVERY

Gwinnett County, Georgia supports the abolishment of the Federal Industrial Cost Recovery System since we feel in our situation it is practically impossible to equitably charge each "industrial user" as defined in the Clean Water Act of 1977. At the present time there is only one facility funded federally under P.L. 92-500 (Beaver Ruin AWTF and its associated interceptors) in Gwinnett County. Within the Beaver Ruin Basin there are now only two users that qualify for industrial cost recovery. The total ICR obligation from these two user's amounts to approximately $3000 a year. Under P.L. 92-500 Gwinnett County's only legal obligation is to charge these two users which happen to be located in the Beaver Ruin Basin and forget about the other "industrial users" that discharge into other County facilities. This would be very simple for us to administer, but would it be equitable? We feel that it is unequitable to penalize the two affected users simply because they are located in a certain area of the County. Also by charging just the industries located in the Beaver Ruin Basin, we give industries an incentive to congregate in an area that is not affected by ICR. We feel that this is a potentially serious problem

Federal regulations governing ICR systems permit the grantee to calculate unit ICR costs on a countywide basis in lieu of unit ICR costs for each basin within the grantee's service area. Thus, the law permits the grantee to charge all "industrial users" in the County the same ICR rate regardless,whether the industry discharges waste into a federally financed facility or not. This eliminates the problem of industries congregating in certain areas of the County, but is it equitable?

Since the Beaver Ruin project is at present time the only P.L. 92-500 federally financed project in the County, the Unit ICR Costs calculated for that basin will be used if a countywide ICR system is implemented. Gwinnett County is only required by law to return 50% of the ICR payment from industries located in federally funded basin. No percentage of the revenue collected from industries outside the Beaver Ruin Basin is required to be returned to the U. S. Treasury. Therefore, Gwinnett County could receive large revenues from the countywide ICR system from industrial users which in most instances do not benefit from Federal monies. We feel that this is likely to cause serious legal problems, preventing the implementation of a countywide ICR system in this context.

The situation in Gwinnett County is complicated further by the fact that the wastewater generated in North Fork-Peachtree Creek Basin is transported thru DeKalb County in a federally funded interceptor, but is eventually treated at the R. M. Clayton facility in the City of Atlanta. DeKalb County plans to implement a countywide ICR system in which the Unit ICR costs for each basin of the County will be the same. For this reason, even though the wastewater is treated in the City of Atlanta, which at the present time does not have any P.L. 92-500 funded facilities, DeKalb intends to bill Gwinnett County for transport as well as treatment of this wastewater.

This, in our opinion, is not equitable. Since DeKalb only transports the flow from Gwinnett, we feel we should only be accessed an ICR bill based on flow alone. However, this would cause problems in the implementation of the countywide ICR system, each "industrial user" is charged based upon the strength and quantity of their waste discharged without regard to their location within the County. Therefore, those "industrial users" in DeKalb that discharge into the R. M. Clayton Interceptor will pay an ICR payment based on the capital cost of both the treatment and transport of wastewater. To those industries, it is evident that charging Gwinnett County only for flow is inequitable.

It appears that an ICR system free of inequities is virtually impossible. For this reason, we reiterate our plea for the abolishment of the Industrial Cost Recovery System.

David Van Landingham, P.E.
Director

10/26/78

City of Tampa

Tampa, Florida
33602

DEPARTMENT OF SANITARY SEWERS
SUITE 205
120 N. FLORIDA AVENUE

10 August 1978

Mr. Alan Brown
Coopers & Lybrand
1800 M Street N.W.
Washington, D.C. 20036

Re: EPA Legislative Study of Industrial
Cost Recovery

Dear Mr. Brown:

As requested by your representative during a meeting last week, we have compiled information concerning our industrial cost recovery. My personal feeling is that the ICR was ill-conceived and will not prove to be a beneficial program for either EPA, the City's involved, or particularly the industries.

I am enclosing also a letter that I addressed to AMSA on the same subject and would appreciate it if you would convey my thoughts to EPA if an opportunity arises.

Yours very truly,

DEPARTMENT OF SANITARY SEWERS

J. W. Silliman, P.E., Director

HFC:JWS:jd

Enclosures

City of Tampa

Tampa, Florida

33602

ARTMENT OF SANITARY SEWERS
TE 205
N. FLORIDA AVENUE

July 28, 1978

Mr. Ron Linton
AMSA Executive Director
Suite 200, 1015 18th St., N.W.
Washington, D.C. 20036

Dear Ron:

Recently we forwarded the brief data you requested in your GB 78-19 of June 19, 1978.

I would like to expand on our general attitude towards the EPA Industrial Cost Recovery Program, - in a nutshell, we would like to scrap the entire program.

There are several reasons that lead us to recommend that the Industrial Cost Recovery Program be scrapped in its entirety, as indicated below.

Double Taxation

All segments of our total economy (private, commercial, industrial, agricultural, etc.) contribute taxes from which Federal Grant support programs are funded. Hence, all segments pay towards the construction of treatment plant works. Requiring an arbitrarily defined segment of our total economic activity to pay again for their federal grant portion of constructing treatment works is nothing more than discriminatory double taxation, which cannot be justified from any ethical or equity standard.

Additional Cost to the Public

Any enterprise required to participate in the Industrial Cost Recovery (pay-back) program will merely pass the costs on to the consumer (immediate or ultimate), which inevitably becomes the average citizen; so this winds up being an additional cost to individuals, not business or industry.

Creation of Arbitrary Unfair Competition

Any definition of "Industrial User" will include the "ins" and exclude the "outs". For example, using the proposed

1 101.70

25,000 gpd definition, an industrial or commercial complex discharging 26,000 gpd would be saddled with an industrial cost recovery pay-back whereas a similar industrial or commercial complex discharging 24,000 gpd would be exempt. This obviously is neither equitable nor fair, - it just doesn't make sense. No matter what definition is used, there will always be an inequitable split between the "ins" and "outs".

Costs to Administer

Any industrial cost recovery (pay-back) program will require a continuing local effort, with a separate fiscal accounting system. Since EPA is a 50% recipient, we can anticipate EPA audits, and also intervening state audits. To compound the foregoing, it is safe to say that the EPA ground rules will be changed from time to time, with accompanying interpretations and judgements, all of which will further complicate and cloud any local effort to maintain an industrial cost recovery program. Local costs to implement and administer such a system would not be insignificant, -- and the bureaucratic rebuttal that such costs should be passed on to the industrial users fails to recognize that such costs wind up in the lap of the average citizen.

Sacrifice of Local Revenue

Some will say, "How can your City recommend that the industrial cost recovery (pay-back) program be scrapped since your City would receive half of the funds?". Well, for Tampa, assuming that 10% of the wastewater flow would originate from industrial users, and also assuming a $100 million federal grant support ($133 million program), the pay-back would be 10% of $100 million divided by 30, or $333,000 per year for 30 years. Half of this would go to EPA, and the remaining half would be kept by Tampa, - this annual Tampa portion of $167,000 is roughly equivalent to slightly over $2.00 per presently connected customer per year. Tampa can stand this loss of revenue if we can be spared the nonproductive time, effort, and expense of an ICR program.

Inflation

I wonder what the level uniform annual industrial cost recovery (pay-back) amounts will be worth in the years to come?!

Summary

The industrial cost recovery (pay-back) program initially established by Congress and implemented by EPA appears, upon examination, to be an inequitable, unfair, highly controversial and nonproductive exercise, and results in an additional cost to the average citizen (*not* to industry). Hence, every legitimate effort should be made to scrap it.

Yours very truly,

DEPARTMENT OF SANITARY SEWERS

Jay

J. W. Silliman, P.E.
Director

JWS:eg

Industrial Cost Recovery Public Meeting
Region V
Radisson Chicago Hotel
Chicago, Illinois

11 AM October 16, 1978
Meeting delayed for one hour to permit additional attendees to arrive.

EPA - Ted Horn, V, UC/ICR Specialist
John Gall - EPA Washington

C&L - J. Mikul Townsley
Myron A. Olstein

13 Attendees:

Gary Greenway
Donohue & Assoc, Inc
Sheboygan, Wis.

David Jaechke
MSDGC R&D Dept

Joseph Benigni
Container Corp of Amer.

Tom J. Bingam
Sanitary Dist. of Rockford

R. W. Erik
San. Dist. of RKFD

George Hisle
Detroit Water & Sewage Dept.

David Alexander
GM

Leonard Weeg
Enviro-Services, Inc.
975 N Main St.
Rockford, IL

William Mondschein
MSDGC Engrg. (Grants)

Gary McFarlane
The Larsen Co.
Green Bay, Wisconsin

Carol Johnson
San. Dist of Rkfd

J. Hetride
Dean Woods Company
Rockford, IL

George Rippil
Detroit Water & Sewage Dept.

Complete presentations of
- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statement presented by

Carol Johnson, on behalf of Sanitary
District of Rockford, IL
ICR should be based on only those incremental costs to construct an atypical process required to treat industrial wastes.

Leonard Weez, on behalf of
Enviro-Services, Inc.
Oposed ICR

10 AM October 17, 1978

No attendees by 11 AM.

RICHARDSON
BROTHERS CO.

FURNITURE MANUFACTURERS
POST OFFICE BOX 157
SHEBOYGAN FALLS, WIS. 53085
TELEPHONE 414-467-4631

October 27, 1978

Myron Olstein
Coopers & Lybrand
800 M. St. N.W.
Washington, D.C. 20036

SUBJECT: Industrial Cost Recovery - Wastewater Treatment Operation.

Genltemen:

We respectfully request that the following information be added to the record of the recent hearing held on Industrial Cost Recovery. In addition we would register our concern for the limited notice that was given for this hearing. We would ask that a much wider range of notice including extensive use of mass media be used for a hearing of this nature.

We contend that the Industrial Cost Recovery program as advocated is not a fair, equitable, and workable measure. It will be exceedingly difficult and expensive to administer. It appears the plan will entail engineering and accounting determinations of proper charges and distributions. This is spending even more money to collect the revenues.

The period of payment time for industry, up to 30 years, may well not be compatible with the book life of the facilities. This provides dangerous potential for compounding costs and creating confusion at a later point in time. In addition the criteria of apportioning costs according to what is a "fair" share for industry leaves far too much latitude as to what the "fair share" is.

Rebating part of the funds collected to the municipalities to be spent in any way they desire has placed an unfair burden on sewage costs. At the very least these funds should be required to be used in the community's waste water programs, preferably operation & maintenance, if indeed they should be collected at all.

Please note that the doubt of the work ability of this program is widely shared as witnessed by the present moratorium on it.

We submit that I.C.R. should be reviewed as a basic concept as opposed other formulas for distributing cost burdens fairly and equitably. A series of well publicized hearings could go far to gathering varied and well founded information on ways to approach this question.

Very truly yours,

Joseph Richardson

Joseph E. Richardson
President

cc. Ted Horn
E.P.A.

• DIVISION OF WATER
• DIVISION OF WATER POLLUTION CONTROL

CITY OF LORAIN, OHIO
UTILITIES DEPARTMENT

1106 FIRST STREET · LORAIN, OHIO 44052 · PHONE (216) 245-1000

PHILIP Q. MAIORANA
DIRECTOR OF UTILITIES

JOSEPH J. ZAHOREC
MAYOR

ELIO JACOBOZZI
DIRECTOR OF
PUBLIC SERVICE

August 31, 1978

Mr. Paul Flax
Coopers & Lybrand
1800 M Street N.W.
Washington, D.C. 20036

Subject: City of Lorain
ICR

Dear Mr. Flax:

Please be advised that we are enclosing the forms that you mailed to us and we have completed them as much as possible as to what we feel could be accomplished by this office.

Also be advised that the City of Lorain has commenced to become involved in ICR and has not been in complete fulfillment of the ICR program, however we do hope to accomplish this soon.

At this time we would like to make several comments in regard to our feelings of ICR:

1. It is the opinion of the City of Lorain that certain branches of the Federal government have already set up certain categories for certain individuals and now we have another branch of the Federal government, the EPA, differentiated from other government branches specifically in that the Federal government set up a special category--senior citizens. Many governmental agencies are regarding this as a special group only to be ignored by EPA.

2. As you will note the City of Lorain has established one flat rate on sewers based on flow plus a surcharge on any excess industrial flow. We believe that this is an equitable way to go. We note that the ICR disagrees with this. Under our one flat rate based on flow everyone is equitable. This also includes Capital Improvement, Operation, and Maintenance. Under this system it would appear to us that the ICR would be reverse discrimination since in this one flat rate industry is already charged for Capital Improvements. It is included in the rate structure; therefore, when they are made to pay again, it would appear that they would be paying double.

3. The City of Lorain is planning and proposing to split the system in two, with several industrial giants included. These industrial giants are now in one sewage plant. If the City of Lorain splits and goes into two systems, one of the industries would be forced to go into another system. How can the Federal government charge one and not the other? Again, if you will return to the flat rate item which includes Operations and Maintenance and Capital Improvements based on flow again would prevail here and is the most equitable and fairest way to go.

The City of Lorain budget is a complete budget breaking down Operation and Maintenance, breaking down Capital Improvements, etc. However, for the EPA to demand certain breakdowns, we feel is an infringement on the rights of local government autonomy.

At this time, since your firm is making a study of the ICR, we would appreciate if you would take our views under consideration and give them your fullest attention.

If there are any further questions or further discussions in which you would need our assistance, please feel free to call on us.

Very truly yours,

THE CITY OF LORAIN, OHIO

Philip Q. Maiorana

Philip Q. Maiorana
Director of Utilities

PQM:mvs

Enclosures: Completed Forms
Copy of 1977 Budget
Copies (2) of Surcharge Computation

Heinz U.S.A.

Division of H. J. Heinz Company

P.O. Box 57
Pittsburgh, Pennsylvania 15230
Telephone: 412 237-5757

September 22, 1978

Mr. Edward J. Donahue III
Coopers & Lybrand
1800 M Street N.W.
Washington, D.C. 20036

Dear Mr. Donahue:

Your September 19 letter asks for permission to cite the closing of our Bowling Green, Ohio Factory in your final report on the Industrial Cost Recovery study. We have no objection to your use of the information which we sent you, as it is all public information. Please keep in mind, however, that there were factors other than wastewater costs which contributed to the closing, as noted in the company news release.

We have a hearsay report about an A&P facility in Bloomdale, Ohio, which is now for sale. It was supposedly closed because of wastewater costs. You may wish to inquire about the situation.

Donald G. Kirk
DONALD G. KIRK
ENVIRONMENTAL ENGINEERING

lak

cc: Mr. Jack L. Cooper
National Food Processors Association
1133 Twentieth Street N.W.
Washington, D.C. 20036

Industrial Cost Recovery Public Meeting
Region VI
Sheraton Dallas Hotel
Dallas, Texas

10 AM October 16, 1978

EPA - Ned Burleson, VI, Chief of Municipal Facilities Branch
Arvil Wilson, VI, UC/ICR Specialist
John Pai, EPA Washington

C&L - Alan D. Brown
Edward J. Donahue III
Walter J. Huelsman

20 Attendees:

James H. Suchma, Consulting Engineer, Bovay Engineers, 5009 Carolina St. Houston, Texas 77004, various cities grantees

Marilyn A. Mathison, Environmental Specialist I, 1115 N. MacGregor, Houston, Tecas, City of Houston Water Pollution Control

Alterto F. Gutierrex, P.E., President, Gutierrex, Smouse, Wilmut & Assoc. Inc., Environmental Engineers, 11171 Harry Hines Blvd., Suite 113, Dallas, Texas 75229

Pat Cook, Engineering Systems Specialist, P.O. Box 2231, Irving, Texas 75060, representing Frito-Lay

Cary M. Verchow, Tech. Manager of Environmental Systems, P.O. Box 2231, Irving, Texas 75061, representing Frito-Lay

Bill Cox, Sanitarian, Campbell Taggart Inc., Dallas, Texas

Charles Hughes, Engineering Assistant, 1506 Commerce Street, Dallas, Texas 75050, Dallas Power & Light Co.

John P. Johnson, Accountant, 1500 Marilla, Dallas, Texas 75201, City of Dallas Water Utilities

Duane C. Halmberger, Civil Engineer - Community Planner, 1200 Main Tower Bldg., Dallas, Texas, Air Force Regional Civil Engineer

Rick McCleery, Pollution Control Officer, 1901 Lakewood Drive, Arlington, Texas 76016, representing City of Arlington, Texas

Robert Dill, Industrial Waste Control Manager, Dallas Water Utilities, 3 AN City Hall, Dallas, Texas 75277, representing City of Dallas

I.M. Rice, Director, Dallas Water Utilities, Room 4 AN, City Hall, Dallas, Texas

Alice Grisham, Manager, Natural Resources, 1507 Pacific Avenue, Dallas, Texas 75201, representing Dallas Chamber of Commerce

James B. Miller, Assistant Director/Admin., Fort Worth Water Department, P.O. Boc 870, Fort Worth, Texas 76101, representing Fort Worth Water Department

T.M. Anderson, Industrial Waste Supervisor, P.O. Box 870, Fort Worth, Texas 76101, representing Fort Worth Water Department

Thomas Sanders, Engineer, 8700 Stemmons, Dallas, Texas 75247, representing URS/Forrest & Cotton, Inc.

Catherine Perrine, Water Director, League of Women Voters of Texas, 7616 Royal Place, Dallas, Texas 75230

T.H. Gaertner, P. E., Engineer, 6220 Gaston, Suite 304, Dallas, Texas 75214, representing Boyle Engineering Corporation

Joseph C. Smith, Industrial Waste Section, Dallas City Hall, Dallas Water Utilities

Dev Greeg, 5806 Birch Brook, Apt 205, Dallas, Texas 75206, SMU student representing SMU

Complete presentations of
- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statement presented by

Dr. I. M. Rice, Director, Dallas Water Utilities
Eliminate ICR

10 AM October 17, 1978

those in attendance were present on 10/16/78. No additional statements, questions or discussions.

CITY OF SAN ANTONIO
P. O. BOX 9066
SAN ANTONIO, TEXAS 78285

October 30, 1978

Administrator, Water Division
Environmental Protection Agency, Region VI
International Building
1201 Elm
Dallas, Texas 75270

Dear Sir:

Pursuant to the October 16-17,1978, hearings conducted by Cooper and Lybrand for the Environmental Protection Agency on the Industrial Cost Recovery portion of P.L. 92-500, as amended, endorsed is an official resolution adopted by the City of San Antonio.

We wish to have the resolution included as part of your record on comments concerning the ICR provisions.

Sincerely,

Frank R. Kiolbassa, P.E.,
Director of Public Works

FRK:eld

Attachments

RECEIVED
NOV 03 1978
EPA 6AWM
REGION VI

"AN EQUAL OPPORTUNITY EMPLOYER"

148<

A RESOLUTION

No. 78-48-145

OPPOSING THE INDUSTRIAL COST RECOVERY PORTION OF THE FEDERAL WATER POLLUTION CONTROL ACT, P.L. 92-500

WHEREAS, the Congress of the United States enacted the Federal Water Pollution Control Act (P.L. 92-500) as amended by the Clean Water Act of 1977 (P.L. 95-217), with the objective "to restore and maintain the chemical, physical, and biological integrity of the Nation's waters;" and

WHEREAS, the 201 Wastewater Facilities Advisory Committee, duly appointed by the City Council, has unanimously recommended the City Council oppose the Industrial Cost Recovery provision of said Act as of little benefit to the citizens, an unreasonable burden on industry bordering on double taxation and results in unreasonable administrative burden in conflict with the policy stated in the Act with little or no financial gain.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. That the City Council of the City of San Antonio hereby agrees with the findings of the 201 Areawide Wastewater Facilities Advisory Committee, and does hereby state its opposition to the implementation of the Industrial Wastewater Cost Recovery portion of the Acts described herein.

SECTION 2. That copies of this Resolution be sent to all of the Texas Representatives and Senators of Congress and to the Environmental Protection Agency.

PASSED AND APPROVED THIS 26th day of October, 1978

Lila Cockrell
MAYOR

Attest: Norma S. Rodriguez
Asst. City Clerk

APPROVED AS TO FORM: Tom Finlay

RECEIVED
NOV 03 1978
EPA 6AWM
REGION VI

STATE OF TEXAS
COUNTY OF BEXAR
CITY OF SAN ANTONIO } SS.

CERTIFIED COPY

The undersigned, the City Clerk of the City of San Antonio, in the State and County aforesaid, does by these presents certify that the attached and foregoing is a true and exemplified copy of a part of the records, papers and books in the Office of the City Clerk; and, that I am the custodian of such papers, books and records as an officer of the City of San Antonio.

Given under my hand and the official seal of the City of San Antonio, this 30th day of October, A.D. 19 78

(SEAL)

Norma S. Rodriguez
Asst. City Clerk, City of San Antonio

The Coca-Cola Bottling Works, Inc.
6011 Lemmon Avenue/P. O. Box 2008
Dallas, Texas 75221

October 24, 1978

Mr. John T. Pai (WH-547)
US-EPA
401 M. Street, S. W.
Washington, D. C. 20460

Dear Mr. Pai:

Concerning the Environmental Protection Agency's Industrial Cost Recovery Program (ICR) that has been proposed to the City of Dallas, Texas to be imposed on the industrial users of Dallas Water Utilities Waste Disposal Systems, there are views and considerations that are of importance to us since we are a major customer of the City of Dallas.

Our industry does not emit toxic pollutants into the public sewage system. We have been extremely cooperative with the Dallas Water Utilities operations, and they have been very cooperative with us. We have an excellent working relationship. We do not intend to emit any pollutants into the waste disposal system that is owned by the citizens of Dallas, and have exercised every constraint in our operations, to minimize our emmission whether it is biological oxygen demand, total solids or whetever. We have been willing to pay our waste disposal surcharges and charges, install meters to monitor quantity of discharged liquids and have trained personnel in the proper operation of equipment to reduce pollutants. We have recently installed water meters in one of our operations to provide guidelines for the Dallas Utilities management personnel to monitor our water useage and liquid discharges. All of these installations are extremely expensive and are not profit making contributors; however, we believe that this is our responsibility as good citizens. We support the city of Dallas and the government of our city one hundred percent.

Since we are already paying a user charge and surcharge to the City of Dallas, and since we have an excellent relationship that has been established for more than seventy-five years, it is our opinion that any change in the already established approved system, would make it less efficient, and would involve Federal regulatory in matters that should be handled by local government. Our city water department is well managed and does not need the help of Federal EPA regulatory in managing a function that has been successfully managed for years.

Since the City of Dallas received a "GRANT" with "STRINGS ATTACHED" from the Federal EPA, you can be assured that our city will reimburse the Federal EPA for any expenditure for waste disposal facilities. As a matter of fact, as taxpayers we have already paid for those facilities.

Sincerely,

O. Dan Poole

O. Dan Poole
Director of Quality Control

150<

COOPER INDUSTRIES

COOPER AIRMOTIVE

October 30, 1978

Coopers and Lybrand Inc.
Attention: Alan Brown
1800 M. Street N.W.
Washington, D.C. 20036

John T. Pai (WH-547)
U.S. E.P.A.
401 M. Street S.W.
Washington, D.C. 20460

Arvel Wilson
U.S. E.P.A. Region 6
Grants Office-Water Division
1201 Elm Street
Dallas, Texas 75201

Gentlemen:

We appreciate this opportunity to comment on the proposed Industrial Cost Recovery (ICR) program proposed by the Environmental Protection Agency. Cooper Airmotive, an industrial user of the City of Dallas, Texas, POTW considers the ICR program inappropriate and inequitable and we strongly oppose its implementation.

To our knowledge, industrial users were not included in the decision to request or determine the amount of the Federal grants. Nor to our knowledge, were we informed of the industrial repayment burden implicit in the grant.

It is our belief that public owned waste treatment facilities are intended for the general benefit of the public in the area that they serve and that industry is currently paying its fair share through a user charge that is born by all users in proportion to their use of the system. We understand that the depreciation of capital facilities is currently being reclaimed over the actual anticipated life of the facility thru these user charges.

7555 LEMMON AVE. • BOX 7086 • DALLAS, TEXAS 75209 • 214 357-1811

It is our opinion that the ICR proposal:

1. inequitably imposes sole responsibility for repayment of waste treatment facility capital costs on one class of customers, namely industrial users.
2. imposes double charging of industrial users by requiring them to repay Federal funding that was in part generated by those industries.
3. proposes to recover capital costs of waste treatment facilities within an artifically short depreciation life of 30 years compared to an actual facilities life of up to 50 years.
4. is of questionable cost effectiveness based upon the Dallas Water Utilities ICR administrative cost estimate vs. anticipated ICR collections outlined in their statement of October 16, 1978, at the EPA meeting on Industrial Cost Recovery.

We urge that ICR be eliminated by the EPA.

Sincerely,

COOPER AIRMOTIVE

D Winship

David S. Winship
Industrial Engineer

ps

FRITO-LAY, INC. F
ENGINEERING DEPARTMENT

October 30, 1978

Mr. John Pai
Project Officer (WH-547)
U.S. Environmental Protection
  Agency
401 M Street SW
Washington, D.C.

Dear Mr. Pai:

Frito-Lay, Inc. wishes to formally comment that Coopers and Lybrands' option #1, Abolition of Industrial Cost Recovery, is the preferred alternative to the present ICR system as promulgated in Title II, Section 204 (b)(1) of the 1977 Clean Water Act.

Through allocation of Federal tax dollars as grants to municipalities, the Federal Government utilizes corporate income taxes for industrial cost recovery without the ICR system. To require industry to further subsidize capital investments in Publicly Owned Treatment Works as would be the case with ICR capital component, places an unfair financial burden on industrial POTW users.

Industries presently contribute to the municipality's share of POTW capital costs through ad valorem taxes and/or property taxes and existing user charge systems. Implementation of ICR represents therefore a double recovery of costs from industry tantamount to double taxation. Abolition of ICR would eliminate the double taxation.

Very truly yours,

FRITO-LAY, INC.

Patricia G. Cook
Patricia G. Cook
Engineering Systems Specialist

Cary M. Verchow
Technical Manager
Environmental Systems

PGC/CMV/mjt

cc: Mr. Edward J. Donahue, III
    Coopers and Lybrand

Mr. Arvel Wilson
U.S. Environmental Protection Agency

900 LOOP 12 • P. O. BOX 2231 • IRVING, TEXAS 75061 • 579-2222, AREA CODE 214

C O P Y

October 23, 1978

John T. Pai (WH-547)
U.S. E.P.A.
401 M. Street S.W.
Washington, D. C. 20460

As an industrial user of the Dallas POTW, Jones Blair Company has been interested in and has followed developments and interpretations of the Environmental Protection Agency's June 26, 1978, policy announcement of the ICR program. We have done so by participating in EPA's Region 6 seminars and the City of Dallas Water Utilities department meetings with industrial users.

Our study of the subject prompts this letter; wherein, we express our objections to the ICR program and give our reasons for doing so.

> 1) The ICR program as proposed would add a superfluous and inequitable addition to the waste water rates now being charged industrial users of the Dallas POTW. These rates are based on excess strength (BOD and TSS) of waste entering the sewage system prorated on water purchased.
>
> The imposition of the ICR systems would be inequitable to industrial users and it would be superfluous because the Dallas rate system is now equitable and is not as complicated, difficult to understand, and administer as the ICR system.
>
> 2) We believe that self monitoring by industrial users would be very costly and almost impossible to achieve with the testing and metering technology now available to us.
>
> 3) We feel EPA's pretreatment standards based on application of the best available technology economically achievable is an excessively stringent program that does not truly reflect the intent of the Clean Water Act of 1977. This act shows congressional concern that national

COPY

standards reflect the actual pollutant removal capabilities of municipal treatment plants.

4) The ICR system would amount to "double taxation" which is an unfair economic burden.

Based on the above, we believe that ICR should be abolished, which is Alternative #1 listed by Coopers and Lybrand, Inc., consultant firm employed by EPA. The advantages of doing so far outweigh, in our opinion, the disadvantages as outlined by the consulting firm.

We respectfully request that our opinion as outlined in this letter be recorded as a public comment on the subject.

JONES BLAIR COMPANY

C Eldon Isom

C. Eldon Isom
Plant Engineer

CEI/bd

cc: Alan Brown
Coopers and Lybrand Inc.
1800 M. Street N.W.
Washington, D. C. 20036

Arvel Wilson
U.S. E.P.A. Region 6
Grants Office-Water Division
1201 Elm Street
Dallas, Texas 75201

I. M. Rice (4AW)
Dallas Water Utilities
City Hall
1500 Marilla
Dallas, Texas 75277

October 23, 1978

Mr. Arvel Wilson, Grants Office
Water Division
Region VI
Environmental Protection Agency
First International Bldg., 1201 Elm St.
Dallas, Texas 75270

Dear Mr. Wilson:

COMMENTS ON INDUSTRIAL COST
RECOVERY PUBLIC MEETING IN DALLAS
ON OCTOBER 16, 1978

The Fort Worth Water Department has been concerned about the cost implications to industrial users and to the City resulting from implementing of the Industrial Cost Recovery requirements of current EPA Regulations. It would appear that industry is being required to pay a share of the federal participation in public treatment works costs thru payment of federal taxes and then being required to pay all or part of that share again thru payment of ICR charges. Moreover, it would appear that the City is being required to undertake a costly and complicated effort to establish, collect and dispense those ICR charges for a return of a fraction of the cost of that effort. Even after all this, it would appear that the actual fiscal benefits to the federal government are going to be minimal, according to the findings presented at the public hearing on the ICR program in Dallas on October 16. It is difficult to find a winner!

From the Fort Worth Water Department's viewpoint, the best of the 16 alternatives presented at the October 16 hearing is the first one, "Abolish ICR", but it is recognized that this is probably not a politically viable alternative. Of those remaining, it would appear that Alternate 12:

> "Abolish ICR and require that local share of project costs be recovered through proportionate user charge"

is the most reasonable and equitable.

Alternate 12 would imply that all federal taxpayers whether industrial or individual, are entitled to their share of capacity provided by federal funding and that the local portion of the treatment works costs are to be shared on a proportional basis among all benefitting customers in accordance with their need for the service provided. It would also appear that this method of capital cost allocations to benefitting users will tend to limit any overbuilding of capacity since user charges must return a sufficient revenue to cover local financing costs from the project's beginning until it is paid off. This is essentially the current practice of the Fort Worth Water Department, in that its user charges are designed to finance all its costs, both capital and O & M.

Thank you for the opportunity to present the Fort Worth Water Department's position on this very important matter.

Yours very truly,

J L Robinson

J. L. Robinson, Director
Fort Worth Water Department

JLR:ea
cc: Dr. I.M. Rice, Dallas Water Utilities
Cooper & Lybrand, Attn: Mr. Allen Brown, 1800 M Northwest, Washington, D. C.
Gary Gwyn, Assistant City Manager
Carl Riehn, Acting Director, North Central Texas Municipal District
Drawer C, Wyle, Texas 75098

STAFF REPORT

Recently, the Oklahoma City Council enacted an ordinance allowing surcharges to be placed on sewage bills of certain types of industrial users, most notably, food processors. Those surcharges were based on qualities of their effluents and are scheduled to take effect in December, 1978. The surcharges were required by the United States Environmental Protection Agency and could not be avoided due to the large amounts of EPA grant monies received by Oklahoma City in the recent past.

The primary impacts deriving from imposition of the surcharges are economic in nature, falling first on the industrial users, second on the users' labor force, and finally on large segments of the City and State populations. For example, Wilson's most recent annual sewerage bill was about $40,000. That amount is reliably estimated to increase to about $1.4 million in the first year of full surcharges. Other food processors face similar situations. Food processors in general depend on sales volume rather than high profit margins to generate returns. A typical processor may receive a net cash return of between .0 percent and 1.2 percent, a return which will be completely removed by imposition of the sewerage surcharge. Under these circumstances, it becomes logical to cut losses and go out of business. The result will be loss of most of the Oklahoma City food processing industry and considerable direct employment.

The jobs at risk number between 2,200 and 4,000 depending on the precise categories included in the industries considered to be affected. The direct loss in Oklahoma City also affects employment in other industries. In Oklahoma, Canadian and Cleveland counties, the employment mulitplier is estimated at from three to four from the food processing industry. This means that every one job in food processing generates three to four additional jobs in other industries in the region. Even using the most conservative figures, at least 6600 (2200 x 3) jobs will be lost by losing the food processors. Throughout the state an undeterminable number of additional jobs will be lost over and above those in the three county region of Oklahoma City. Recognizing the adverse potential of the surcharges, the City Council has pledged support to the affected industries as has the Governor of the State of Oklahoma.

In June, 1978, Governor Boren released $5,000 of Department of Economic and Community Affairs (DECA) funds, matched by a request for release of $20,000 of Economomic Development Administration 304 monies, to partially fund an action study of the problem. An additional $75,000 may be applied for under EDA Title IX, a title which deals with adverse economic impacts caused by actions of the Federal Government, in this case by EPA regulations. This study is expected to provide a feasible least-cost approach to pretreatment for the affected industries, thus avoiding surcharges althogether.

The time periods in which grant applications, studies, and implemetation must start and be completed are very short. The preliminary Title IX grant ($75,000 study) must be approved before September 30, 1978 to get into this Federal fiscal year and the study be completed in the fall with a Title IX implementation grant being written and submitted concurrently. Both of the Title IX grants require an Advisory Task Force. Given the short times available, implementation options should be considered at the outset of the project. Several have been considered and are presented below in increasing order of desirability.

(1) No action - Option appears to be the most simple but carries the employment loss consequences described above. Acceptable on the

basis of a philosophy of nonintervention, but would be inconsistent with previous City actions with respect to the business community.

(2) Direct City operation/ownership of facilities -- This option results in no change in the current situation. Since the City would own-operate, the pretreatment facility surcharges would not be reduced enough to matter and the industries would have same incentive to shut down anyway.

(3) City operation of industrially owned facilities -- This option is feasible given that the affected industries could affort to build pretreatment plants. Some mix of guaranteed loans, bonds and stocks could probably be arranged, but staff feeling is that a large capital subsidy will be required to force the cost curves to an acceptable level. Such a subsidy will be forthcoming only to a municipality or to a not-for-profit corporation.

(4) Not-for-profit LDC -- Two of the five existing Local Development Companies (501 (c) (3)) are eligible to receive grant funds from the EDA. Their limitations exist in two areas: (a) lack of management experience in the area and, (b) probable inability to generate matching funds. The latter difficulty could be overcome through a variety of complex financial exchanges and leveraging efforts.

(5) Trust formation -- At present, formation of a trust to implement study results seems the course least complex from the standpoints of the City, EPA, EDA and matching financing. A trust is enough divorced from the City (it need not be a City trust at all) that EPA surcharges would not apply; trusts are eligible EDA applicants; trusts can issue revenue bonds and receive other tax exempt financing.

Industrial Cost Recovery Public Meeting
Region VII
Federal Building
Kansas City, MO

10 AM October 18, 1978

EPA - Earl Stevenson, VII Water Division Director
Tom Robertson, VII, UC/ICR Specialist
John Howard, VII, UC/ICR Specialist
John Pai, EPA Washington

C&L - Alan D. Brown
Edward J. Donahue III

51 Attendees:

Douglas, Dolinar, American Meter

James Martin, Van-Doren-Hazard-Stallings

Charles Plummer, Iowa Beef processors

Donald G. Kirk, Hinz, U.S.A.

Boyd C. Mills, City of Arnold, Missouri

L. Joe Sell, Western Electric

John C. Thompson, So. St. Joseph Industrial S.D.

Daryl Ripper, So. St. Joseph Industrial S.D.

Alan Shineman, City of Manhatan, Kansas

Jerry E. Petty, City of Manhattan, Kansas

Richard R. Miller, So. St. Joseph Industrial S.D.

Dale S. Duffala, Black & Veatch

John A. Metzler, Kansas Department of Health & Environment

E.W. Bartley, E.P.A.

Richard D. Kuntz, Missouri Department of Natural Resources

Dave Wissing, Carnation Company, Pet Foods Division

W. C. Nielson, Wapsie Valley Cry., Inc.

John D. McEnrue, Little Blue Valley S. District

Richard Wuttke, Farmers Butter & Dairy Corporation

John Jursitis, Veenstra & Kimm

David R. Duffield, City of Springfield

Harry Criswell, City of Springfield

Stephen Yonker, Burns & McDonnell

Nate Beezley, N.E. Department of Environmental Control

R. E. Crawford, Wilson & Company

Arthur F. White, Peat, Marwick, Mitchell

Donald R. Boyd, K.C. Missouri Pollution Control

Jim S. Noel, K.C. Missouri Pollution Control

J. Willis Sneed, Wells Engineers, Inc.

William G. Stannard, Black Veatch

Earl R. Myers, St. Joseph Light and Power Company

Charles Dakin, Whitaker Cable Corporation

George Sallwasser, Horner & Shifrin

J. L. Stein, Anheuser & Busch, Inc.

Ralph Flournoy, EPA

Earle C. Jones, Methodist Medical Center

R.A. Frederick, H.R. Green Company

George W. Milligan, City of Cedar Rapids

Mario G. Nuncio, EPA

Roy L. Jackson, City of Kansas City, Missouri

G. Carlos Knight, Water Pollution Control Department, Kansas City, Kansas

Greg Rupert, MARC

Walter M. Johnson, City of Butler, Missouri

M. Clark Thompson, Larkin & Assoc.

Bernard A Rains, Metro. St. Louis Sewer

C. F. Kovach, City of Kansas City, Kansas

Richard Ream, City of St. Joseph, Missouri

Cindy Bernard, City of St. Jospeh, Missouri

Richard L. Halda, T.J. Lipton, Inc.

James D. Resnick, City of Davenport, Iowa

Bruce Duffin, Corps of Engineers

Complete presentations of

- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statements presented by

Donald G. Kirk, H. J. Heinz Company
and National Food Processors Association
Eliminate ICR - or, as a second choice, charge industry for the incremental costs incurred to treat industrial wastewater

Boyd Mills, City Administrator, Arnold, MO
Abolish ICR

Richard R. Miller, South St. Joseph, Missouri
Industrial Sewer District
Abolish ICR

George Sallwasser, Horner and Shifrin,
Consulting Engineers
Recommended circuit breaker - no ICR below specified dollar amount because of grantee administration costs.

Bob Frederick, Howard R. Green Company,
Consulting Engineers, Cedar Rapids, Iowa
Abolish ICR. Second choice would be a national ICR rate.

City of Lincoln County/City Building Lincoln, Nebraska 68508 Telephone (402) 475-5511 Helen G. Boosalis, May

DEPARTMENT OF PUBLIC UTILITIES
LINCOLN WATER SYSTEM
LINCOLN WASTEWATER SYSTEM
[illegible]

November 1, 1978

Mr. Earl Stephenson, Director
Water Division
Environmental Protection Agency
1735 Baltimore
Kansas City, Missouri 64108

Dear Mr. Stephenson: Re: Comments on Industrial Cost Recovery Study by Coopers & Lybrand

The City of Lincoln has reviewed the October 10, 1978, draft of the Industrial Cost Recovery Study preliminary compilation of possible study alternatives composed by Coopers & Lybrand. We have also reviewed the ICR questions raised by Congressman Roberts dated December 15, 1977, and the summary of findings. Comments on each part of the report are as follows:

Part A - Summary of Findings dated October 12, 1978
We concur with the comments made under Summary of Findings and agree with the conclusion that the cost to maintain and operate the ICR System is quite expensive.

Part B - ICR questions raised by Congressman Roberts dated December 15, 1977
The only comment on this section is we find it quite interesting that under question No. 7 that the amount of ICR's revenue received is considerably less than the original predicted amount, therefore raising the question - is ICR really worth it?

Part C - Industrial Cost Recovery Study Preliminary compilation possible study alternatives, draft copy dated October 10, 1978, compiled by Coopers & Lybrand. Comments on this section are:

a) Complete agreement with Alternative No. 1, which states "abolish ICR". We do agree with all the advantages stated for Alternate No. 1, but disagree with the disadvantage that abolishing ICR may encourage grantees to plan and construct treatment works that are larger than necessary. This particular concern has already been addressed under the current regulations in the construction grants program, and also by the review of the State agency and EPA which the consultant must justify the size of the treatment works proposed. Therefore, EPA already has built in a veto power on the size of the size of the treatment works proposed.

Page 2
11-1-78
To: EPA

b) Alternatives Nos. 2, 3, 4, 5, 6, 7, 8, 9, 10, 13, 14 and 15, would serve no purpose other than to complicate and increase the inequity and administrative costs for any type of an Industrial Cost Recovery system. Therefore, we would strongly recommend against adoption or consideration of the alternates we have listed above.

c) Alternate No. 11 - Return to the requirements of P.L. 84-660 abolishing ICR. We feel this particular alternate is basically accomplished by adoption of Alternate No. 1.

d) Alternate No. 12 - Abolish ICR and require that local share of project costs be recovered through proportionate User Charge. We agree one hundred percent with this alternative and concur with the advantage that equity would be achieved by establishing a proportionate User Charge system. We disagree that there would be a disadvantage in reducing the flexibility of designing rates because User Charge systems are the most equitable when designed on a proportionate basis and the administrative costs would not be significant. Also, any changes in bond covenants would pose no problem.

e) Alternate No. 16 - Require letter of commitment (as contract) from industrial users of POTW's when POTW size would be a definite advantage to the planning of POTW's in order to meet their needs of their community and the associated industries.

The above serves as a summary of our comments on the alternatives proposed in the Coopers & Lybrand report. If you have any questions or clarifications on our comments, please contact the Public Utilities Department.

Yours truly,

Richard A. Erixson, Acting Director
Department of Public Utilities

RAE:dc

CITY OF HEBRON
HEBRON, NEBRASKA 68370
Clarence Wright, Mayor
Iona Henning, Clerk

Council Members
DON LOHMEIER
WILLIAM KASSEBAUM
LON ADAMS
PAUL HUNSAKER
GORDON WILSON
LLOYD SCHEPLER

OCTOBER 9, 1978

U.S. Environmental Protection Agency
Office of Public Awareness
Region 7
1735 Baltimore
Kansas City, Mo. 64106

Dear Sirs:

In reply to your invitation to the public meeting on EPA Industrial Cost Recovery, I would like to state that I feel that industries should pay their fair share in the cost of treatment of industrial waste.

Our city of 1700 population has a new treatment plant which we neededmainly due to the industrial load of a cheese plant. Their BOD load runs just as much, if not more, than the load for the rest of the entire city. This cheese plant is the only industry in our city.

Therefore, I definitely feel that it is the duty of the cheese plant and not the residents of the city to pay for the cost recovery.

The cost of running our treatment plant has jumped from $10,000 with our old plant to $65,000 for our new plant.

Thank you for letting me express my opinion.

Sincerely,

Clarence L. Wright

Clarence L. Wright, Mayor
City of Hebron

CLW/jmn

OFFICE OF THE MAYOR
HESSTON, KANSAS 67062

October 4, 1978

Office of Public Awareness
Region 7
1735 Baltimore
Kansas City, Missouri 64108

Dear Sirs:

The City of Hesston, City Council wishes to have its opinion of Industrial Cost Recovery entered into the record of your public meeting on October 18, 1978.

We believe that industry which locates or is located inside the corporate limits of our City should be exempt from the Cost Recovery program. These "inside" industries that pay City taxes are already contributing to the "Matching" share of the new sewer facilities and will be charged their porportionate share for operation and maintenance.

On the other hand, industries locating outside the taxing jurisdiction of a recipient government should be subject to a Cost Recovery provision in proportion to their sewerage treatment facility.

Sincerely,

Milton R. Miller

Milton R. Miller
Mayor

MM/jk

167<

QUAKER

The Quaker Oats Company, P.O. Box 1848, Cedar Rapids, Iowa 52406 (319) 362-3121

October 31, 1978

Mr. Alan Brown
Coopers & Lybrand
1800 M Street, N.W.
Washington, D.C. 20036

Re: Cedar Rapids Waste Water Treatment Plant

Dear Mr. Brown:

We have reviewed a copy of the "Preliminary Compilation of Possible Study Alternatives, Industrial Cost Recovery Study" distributed at the EPA public hearing in Kansas City on October 18, 1978.

As you probably know, a new 42 million gallon per day waste water treatment facility is being built in Cedar Rapids. The startup design flow for this plant is presently estimated at 338,000± gpd.

It is our recommendation that Alternative II be adopted. Two disadvantages are listed for it: 1) Reduce revenue to the Federal Government; 2) May encourage development of excess capacity, lacking other controls. According to the ICR questions raised by Congressman Robberts (Congressional Record - House, December 15, 1977), the total ICR revenues will amount to only 25±% of that estimated in 1972. With regard to the second disadvantage, it doesn't seem as if industries subject to the EPA payback have much to say on the size of a waste treatment plant - this is a decision of the public owner.

Very truly yours,

RBStimple

R.B. Stimple
Manager

RBS:ck

[illegible]
Water Pollution Control Plant

Industrial Cost Recover Public Meeting
Region VIII
Quality Inn
Denver, Colorado

10 AM October 19, 1978

EPA - Harvey Hormberg. VIII, Director, Office of Grants
Jerry Burke, VIII, UC/ICR Specialist
John Pai, EPA Washington

C&L - Allan D. Brown
Edward J. Donahue III

23 Attendees:

Dennis T. Cafaro, Mgr., Wastewater Division, 811 E. Las Vegas, Colorado Springs, Colorado

William E. Korbitz, Manager Metro Denver Sewage District, 6450 York Street, Denver, Colorado 80229

Moe Tabatabai, Chief, Operation Engr., Wastewater Management Division

John P. Hurst, Environmental Engineer, 310 Capitol Life Center, Denver, Colorado. Hdq. Engineers

J. Thomas Adams, Operations Consultant, McCall, Ellingson & Morrill, Inc., 1721 High Street

Richard O. Davis, Mgr., Environmental Engrg. Department, M&I, Inc., Consulting Engineers, 4k701 S. College Ave., Fort Collins, Colorado

Tommy O'Brien, Sellands & Grigg, Inc., Engineer for Sellands & Grigg, Lakewood Colorado 80215

Errol K. Stevens, Wastewater Management, 3840-6 York, Denver, Colorado

Robert J. Madden, Chief, Government Affairs, County and City of Denver, Wastewater Management Division, 3840 York Street, Denver, Colorado 80205

Bob Kocarha, Operations Specialist, Camp, Dresser & McKee, 1660 S. Albion St., Denver, Colorado 80222

James F. Dunn, Sanitary Engineer, EPA.

Dallas K. Stephens, Assistant to Utilities Director, Englewood Utilities Department, 3400 S. East Street, Englewood, Colorado 80110

George D. Sellards, Sellard & Grigg, Inc., 8745 W. 14th Avenue, Lakewood, Colorado

Robert Greaney, Project manager Del-Mont Consultants, Inc., P.O. Box 486, Montrose, Colorado 81401

Dick Johnson, Metro Denver Sewage Disposal District, 6450, York St., Denver, Colorado

Jonathan Downing, Laboratory Director, City of Colorado Springs, 18 S. Nevada Avenue, Colorado Springs, Colorado 80947

Robert L. Arnold, City of Westminster, 8777 W. 88th Avenue

Dan Uhl, Sanitary Engineer, City of Rapid City, 22 Main Street, Rapid City, So. Dakota, 57701

Paul E. Williamson, Senior Public Health Engineer, Colorado State Health Department, WOC, 79 Julian St., Denver, Colorado 80219

Frank Orthmeyer, Director Public Works, City of Grand Forks, North Dakota

Richard Zajac, Administrative Assistant, Pueblo Public Works Department, 211 "E" D Street, Pueblo, Colorado 81004

Bruce Smith, Administrative Assistant, Pueblo Public Works, 211 "E" D Street, Pueblo, 81003

Fred A. Nagel, Assistant Director, Operations, Denver Wastewater Management, 3480-G York Street, Denver, Colorado 80205

Complete presentations of
- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statement presented by

William E. Korbity, Manager,
Metor Denver Sewage District
Eliminate ICR

Metropolitan Denver Sewage Disposal District No. 1

DON F. ALLARD, Chairman
MANDEL PERENBAUM, Chairman Pro Tem
ROBERT W. HITE, Secretary
GILBERT C. LANG, Treasurer
WILLIAM E. KORBITZ, P.E., Manager

6450 YORK STREET
DENVER, COLORADO 80229
TELEPHONE NUMBER (303) 289-5941

October 31, 1978

Mr. John Pai
Project Officer (WH-547)
U.S. Environmental Protection Agency
401 M Street, S.W.
Washington, D.C. 20460

Dear Mr. Pai:

In addition to the statement which I presented at the October 19, 1978, public meeting on the Industrial Cost Recovery study, I submit herewith comments which I respectfully request be included in the public meeting comments to be considered by the consulting engineer, EPA and Congress.

The main concern I have about the industrial cost recovery requirements of the Federal Water Pollution Control Act is the complete lack of benefits to the environment or the American people from the industrial cost recovery system. The lack of benefits of the industrial cost recovery system together with a sizable cost, estimated at no less than $400 million annually, make it obvious that such industrial cost recovery provisions should be eliminated from the federal law. The question of benefits of industrial cost recovery requirements must be addressed in the ICR study.

The October 4, 1978, Preliminary Compilation of Possible Alternatives identifies elimination of industrial cost recovery revenues as a disadvantage to be realized from termination of the ICR requirements. If raising revenue from certain industries is a goal of the ICR system, I suggest that a significantly more efficient system would be collection of moneys through the Internal Revenue Service on a production unit basis or some other system. If one of the goals of industrial cost recovery is to raise money, the present tax system would appear to be much more efficient for this purpose.

Another concern expressed in the October 4, 1978, draft is that elimination of industrial cost recovery will lead to building oversized treatment works. The present rules for 201 facility planning are strict on residential and commercial wastewater flow projections, and it would seem that relatively little additional work would be required to bring about good estimates of industrial flow. It then would be easy to require reserved capacity agreements from industry where the proportion of industrial flows to other flows is high. Inasmuch as 201 facility plans must include estimates of industrial flows in any event, this would be a relatively small additional burden. I do not believe that industrial cost recovery would be a proper way to limit the size of treatment works.

The ICR study information indicates that the costs for collecting industrial cost recovery charges are extremely high, probably not less than 40 percent of the amount of revenue collected. I believe this cost of collection of revenues is intolerable. In addition, the stated estimated costs of $20,000 per grantee per year for industrial cost recovery collection does not apply to agencies such as the Metro Denver Sewage Disposal District. The Metro Denver District as a regional agency has no direct contact with industries, but would collect industrial cost recovery revenues through its 21 member municipalities. It is obvious that the costs of monitoring, billing, accounting and general administration would be double because information required of the member municipalities must flow from industries to municipalities and then to the Metro District. It is obvious that the administrative and monitoring costs by member municipalities, the Metro District or similar regional agency as well as federal government are completely unreasonable as compared to the small amount of industrial cost recovery revenue generated.

In the matter of water conservation, there would appear to be no relationship between industrial cost recovery and water conservation. If one of the reasons for industrial cost recovery is water conservation, I submit that in many areas of the country such as the metropolitan Denver area where less than 10 percent of wastewater flows come from industry, the water conservation brought about by industrial cost recovery would be virtually meaningless. I submit that some reasonable water conservation program would be much superior to any industrial cost recovery provisions.

In the matter of industries being connected to publicly owned treatment works receiving an advantage over other industries, I point to historical fact that over the years industries have subsidized local government in the form of ad valorem tax base and jobs to help the economy of local government. It should be kept in mind that the economic advantage given to local government by industries would far exceed any economic advantage given to industries connected to POTW's with or without industrial cost recovery.

In summary, Congress should realize that the industrial cost recovery system is extremely costly with no benefits to society or the environment. The requirements of the Federal Water Pollution Control Act concerning user charges, pretreatment and toxic wastes, together with the 201 facility plan requirements have significant impact on industries connected to publicly owned treatment works. The industrial cost recovery provisions add little or nothing to these requirements. It is my suggestion that Congress eliminate all industrial cost recovery requirements; require 201 facility plans to justify any high industrial flows or reduce capacity of treatment funded; and where necessary require ten year connector agreements for reserved capacities between publicly owned treatment works management and industries.

Thank you for the opportunity to provide these additional comments to be considered in the industrial cost recovery study report.

Yours very truly,

William E. Korbitz, P.E.
Manager

cc: Alan Brown, Coopers & Lybrand
Ron Linton, AMSA
Chairman Don F. Allard

WEK/j

CITY OF GRAND FORKS

BOX 1518
GRAND FORKS, NORTH DAKOTA 58201

DIRECTOR OF PUBLIC WORKS

(701) 775-8103

October 20, 1978

Cooper & Lybrand
1800 M Street NW
Washington, DC 20036

Attention: E. Donahue A. Brown

Gentlemen:

Enclosed, please find my written statement to be entered into the record of the regional public hearing on the Industrial Cost Recovery Study which was held in Denver on October 19, 1978.

I feel the hearing was well worth the time and effort and your firm should be complemented on the way it presented the information.

Yours very truly,

Frank B. Orthmeyer
Director of Public Works

FBO/ch

My name is Frank B. Orthmeyer, Director of Public Works for the City of Grand Forks, North Dakota, a city of 42,000 population with two industries. It is a privilege to have an opportunity to express my view on this matter.

I have been in municipal engineering work for almost 30 years, and before PL 92-500 was passed, industry did about anything they pleased when it came to sewage treatment. Practically all industries were either heavily subsidized by the cities or dumped partial or non-treated sewage into the river streams. It was impossible to get information from them and impossible to get their cooperation on obtaining factual test information for a wastewater plant design.

Since PL 92-500 industry has been put on notice that Uncle Sam means business and if PL 92-500 has done nothing else, industry now sits down across the table and puts their best effort into front-end planning so that better engineered facilities are being planned and constructed. We are getting engineered industrial parameters to work with.

So before we kill the Industrial Cost Recovery lets look at the benefits:

1. Industry is encouraged to participate in front end planning.
2. Industry is getting a non interest loan for their share of the treatment facility.
3. Industrial Cost Recovery takes part of the decision of an industrial subsidy out of the local politicians hands.
4. If the local cost is not compensated with the 10% non refundable, lets raise the non refundable to 20%.

Industry has been picking away at PL 92-500 since its inception, and I think the law especially in the Industrial Cost Recovery section needs more flexibility, but let's not lose what we've gained.

Thank you.

Industrial Cost Recovery Public Meeting
Region IX
United States Environmental Protection Agency
215 Fremont Street
San Francisco, California

10 AM October 23, 1978

EPA - Frank Covington - Director, IX Water Programs Division
John Randolph - IX, UC/ICR Specialist
John Pai - EPA Washington

C&L - Alan D. Brown
Edward J. Donahue III

16 Attendees:

Jack Barron, 636 Van Ness Avenue, San Francisco, 94102, California, representing City and County of San Francisco

Ed Barry, 9660 Ecology Lane, Sacramento, California 95827, representing WOD - Sacramento County

Robert D. Bottel, Drawer J, Stockton, California, 95201, representing Tillie Lewis Foods

C. W. Caron, 555 Capital Mall, Sacramento, California, 98514, representing Peat, Marwick, Mitchell & Company.

John Damas, Sr., P.O. Box 24055, Oakland, California, 94623, representing EB Mud, SD 401

W.S. Hyde, 9660 Ecology Lane, Sacramento, California, 95827, representing County of Sacramento, Department of Public Works.

Christopher W. Jens, 450 N. Wiget Lane, Walnut Creek, California, 94598, representing John Carollo Engineer

Jocelyn Kempe, 575 Market Street, San Francisco, California 94105, representing Chevron Chemical Company.

Barry M. Landa, P.O. Box 8345, Stockton, California, 95209, representing Del Monte Corporation

Joseph A. Maldari, One Post Street, San Francisco, California, 94104, representing Foremost-McKesson, Inc.

L. J. Naua, 1 Post Street, San Francisco, California, 94104, representing Foremost Foods Company

F. M. Verlander, 1501 N Broadway, Waltnut Creek, California 94595, representing Brown & Caldwell, Consulting Engineers.

Informal discussion of study methodology, findings and alternatives.

No official statements. Comments from one attendee opposed ICR.

CITY AND COUNTY OF SAN FRANCISCO
DEPARTMENT OF PUBLIC WORKS

BUREAU OF SANITARY
ENGINEERING
INDUSTRIAL WASTE DIVISION

636 VAN NESS AVENUE
SAN FRANCISCO
CALIFORNIA 94102

October 31, 1978

Mr. John Pai (WH-547)
U.S. Environmental Protection Agency
401 "M" Street, S.W.
Washington, D.C. 20460

Dear Mr. Pai:

The following comments pertain to the preliminary Industrial Cost Recovery (ICR) study results that were presented by EPA Consultants, Coopers and Lybrand at a meeting held in San Francisco on October 23, 1978. We concur with the preliminary study alternate which would abolish the ICR Program. We agree with the advantages listed as a partial list, and disagree with the list of disadvantages. Further advantages to abolishing the ICR Program are as follows:

1. This action would encourage industry to utilize the publicly owned treatment facilities (POTW) for the removal of conventional pollutants.

2. This action would eliminate discrimination against those industries which do not have sufficient space to provide pretreatment of facilities for the removal of conventional pollutants. Such removal of conventional pollutants may be desirable to the industry in order to lower or eliminate ICR costs.

3. This action would encourage industries to remain in the POTW service area and to pay its fair share of the costs of operating and maintaining the sewerage system. Therefore, the increased cost burden, because of industrial relocations, will not be placed on residential and commercial users.

The disadvantages of eliminating ICR expressed in the preliminary compiliation - the loss of control over the design capacity of POTW's and - the loss of revenue to the Federal Government are not valid for the following reasons:

1. ICR should not be the method used in an attempt to control the capacity of a POTW. Any controls on excess capacity of new construction should be accomplished in the Federal and State review process for grant eligibility. The State of California, for example, has developed such a method of reviewing and regulating the grant fundable design capacity of POTW's.

2. The total lost revenue to the Federal Government would amount to a maximum of $1 billion collected over 30 years. This is an insignificant amount compared with the Federal Budget.

In conclusion we believe that because there are many disadvantages to continuing the present ICR Program; the ICR Program should be abolished.

Very truly yours,

Jeffrey Lee
Acting Director
Department of Public Works

cc: Mr. John Randolf
Water Division
215 Fremont Street
U.S. EPA, Region IX
San Francisco, CA 94105

SAFEWAY STORES, INCORPORATED

425 Madison Street, Oakland, California 94660

Industrial Design and Construction Department

October 30, 1978

Mr. John Pai - E1145 WH 547
United States Environmental Protection Agency
Municipal Wastewater Treatment Works
Construction Grants Program
401 M St. S.W.
Washington D.C. 20460

SUBJECT: Statement Concerning Industrial Cost Recovery, Public Meeting, EPA Region 10, Seattle, Washington, October 25, 1978

Gentlemen:

We believe that Industrial Cost Recovery (ICR) should be abolished. Alternative 12 of the study appears to be a rational approach, but with some precautions. This alternative provides that industry would pay a proportionate share of the non-grant portion of the capital cost rather than upon the grant portion. It further provides that this share be recovered through user charges (UC). Unfortunately, considerable inequity can result depending upon the method of calculating UC. The following comments explain this position.

It should be cheaper to treat conventional pollutants on a large scale at a publically owned treatment works (POTW) than on a small scale at a number of industrial sites. This concept is widely accepted and its cost-effectiveness is in the public interest. However, our experience with UC has been a costly one in which these charges exceed the cost of self treatment or at best equal this cost. Addition of ICR to UC compounds the problem.

To justify a charge for capital cost requires a review of UC, since there are frequently many inequities committed in its calculation. For example: a grant-funded 10 mgd plant is currently operating at less than 5 mgd. At least 75% of the O&M cost is directly related to capital investment and at the 10 mgd level. The company is charged a proportionate share of O&M based upon a 10 mgd investment.

Another example of an excessive UC charge has resulted because the POTW was not a cost-effective design. The POTW was built to evaluate physical/chemical treatment. The resulting UC far exceeds the cost of self-treatment. Rather than enter the sewage treatment field, the company has continued to pay the excessive charges.

To summarize our observations:

1. ICR is not justified.
2. Collection of a proportionate share of non grant funding may be justified but should require review of UC.
3. The total charges for sewage treatment of conventional pollutants should be less for POTW's than for self-treatment.

Very truly yours,

SAFEWAY STORES, INCORPORATED

A. R. Van Kleeck

A. R. Van Kleeck
Sr. Environmental Engineer
INDUSTRIAL DESIGN AND
CONSTRUCTION DEPARTMENT

ARV:pp

cc: C. P. Pond
B. Rosner
R. J. Lindquist
R. A. George
R. H. Kaufman
D. E. Hennigh
for G. E. Ribary
J. D. Clark
H. O. Davis
G. B. Skinner
B. S. Thornton

cc: Alan D. Brown
Coopers & Lybrand
Washington, D.C.

EBMUD

EAST BAY MUNICIPAL UTILITY DISTRICT

October 30, 1978

Mr. John Pai (WH547)
Municipal Construction Division
U.S. Environmental Protection Agency
401 "M" Street, SW
Washington, DC 20460

Subject: ICR Study Comments

Dear Mr. Pai:

It is our understanding that the legislative intent of ICR was to achieve industrial equity, capacity control, and conservation. We have reviewed the preliminary listing of possible study alternatives to ICR dated October 10, 1978, and recommend that ICR be abolished.

Based upon our knowledge of our interception, treatment and disposal system, none of the remaining 15 alternatives would insure equity, capacity control and conservation in our service area. In many instances the alternatives would create greater inequities and increase ICR program development and administration costs.

We believe that the following are examples of how ICR alternatives will continue to fail to achieve the objective of "equalizing" costs or achieving "equity".

- Alternatives 2, 3, 5, & 6 require a knowledge of industrial contributions which may not now exist at many POTW's. Industry surveys will be required under new pretreatment regulations for a limited number of municipalities. Therefore, in many areas, industrial dischargers will not be identified and even if identified under pretreatment rules, will probably be limited to only those industries discharging toxic substances.

- Alternatives 6, 7, 8, 9, & 10 would establish ICR rates based upon factors other than industrial capacity of the facilities constructed.

- Alternatives 2, 3, 5, 7, 8, 9, 10, 14, 15, & 16 would result in varying increases for development and/or administration.

[illegible] President [illegible] REYNOLDS, Vice President
[illegible] WILLIAM H. MOSES KENNETH H. SIMMONS

- Alternatives 2, 3, & 5 would change the basis of grant funding of future facilities from that of previous and current projects.

The ICR study alternatives will not result in capacity control and conservation. Again, we recommend that ICR be abolished. Should you have any questions on this matter, please contact Mr. Joseph Damas, Wastewater Control Supervisor, at (415) 465-3700, extension 120.

Very truly yours,

E. E. ROSS, MANAGER,
Water Pollution Control Department

EER:nc
cc: Coopers & Lybrand, Alan D. Brown
EPA, Region IX, John Randolph, Water Division
Assoc. of Metropolitan Sewerage Agencies
California Assoc. of Sewerage Agencies

John Inglis Frozen Foods Company

Cable JIFFCO, Modesto, CA, U.S.A. – Phone 209-524-5521 – Teletype 510-761-4414

P. O. Box 3111 – Modesto, California 95353

October 26, 1978

COPY

Mr. John T. Pai
Municipal Construction Division
United States Environmental Protection Agency
401 "M" Street S. W.
Washington, D. C. 20460

Dear Mr. Pai:

Let me take this opportunity of thanking you for putting on the presentation re the ICR program at the San Francisco hearing last Monday, October 23, 1978.

As I told you at the meeting, our company is deeply involved in paying for having waste treated by municipal sewage plants in eight west coast cities. Anything that would cause the already high cost to go up creates a real problem for us.

I understand that the moratorium on the ICR is scheduled to be lifted on July 1, 1979 which would expose us to possible penalties. You have suggested sixteen alternatives to the ICR program. The only one that seems to me to be cost effective is Number 1 which calls for the abolishment of the ICR. The second best possibility seems to be your Number 12 which calls for the abolishment of the ICR and requires that the locals share (12½%) the project cost to be recovered through users charges.

The President, in his speech of last Tuesday, is asking everyone to help him arrest the runaway inflation rates. If industry cost recovery charges are assessed to food plants such as ours, we will be forced to raise our prices in order to pass our costs along to the consumer. This seems to me to be counter-productive to what the President is trying to achieve to hold down prices to break the inflation spiral. Lastly; I would suggest that the EPA give strong consideration to relaxing their approach to some of the environmental problems such as purifying the water in order to assist in holding down inflation. Our industry is not against the EPA program in any way but we are trying to make it practical and cost possible rather than idealistic.

I would like these comments added to the comments you received from industry generally on the ICR program.

Very truly yours,

John Inglis Frozen Foods Company

E

Eugene Boone, Vice Chairman

Industrial Cost Recovery Public Meeting
Region X
Federal Building
Seattle, Washington

10 AM October 25, 1978

EPA - Bob Kussman, X, Wastewater Operations Branch
Christine Noah-Nichols, X, UC/ICR specialist
John Pai - EPA Washington

C&L - Alan D. Brown
Edward J. Donahue III

28 Attendees:

Bruce Brown, P-I

John J. Bohn, Nalley's Fine Foods, 3303 S. 35th St., Tacoma, Washington 98411

Jerry Clarke, Safeway Milk Department

H.O. Davis, Safeway Stores, Inc.

James M. Davis, John, Fluke Mfg. Co., Inc.

William T. Dehn, CH2M Hill, 1500 - 114th St. S.E., Bellevue, Washington 98004

Howard Donelson, Boeing

Jim Downing, Ch2M Hill, 1500-114th Ave. S.W., Bellevue, Washington 98004

Howard Edde, Howard Edde, Inc., Bellevue, Washington

Tony Harber, Brown & Caldwell

Douglas A. Hilderbrand, Municipality of Metropolitan Seattle, 821 Second Avenue, Seattle, Washington 98104

George Houck, Washington State Department of Ecology, Olympia, Washington 98504

Travis Keller, Overall Laundry Services

A. R. Van Kleeck, Sr. Environmental Engr., Design & construction Department, Safeway Stores, Inc., 425 Madison St., Oakland, California 94660

Gary Krahmer, Unified Sewage Agency, Hillsboro, Oregon

Stanton LeSieur, Unified Sewage Agency, Hillsboro, Oregon

Charles F. Liebert, Unified Sewage Agency, Hillsboro, Oregon

Robert McGuire, Agripac Inc., P.O. Box 5346, Salem, Oregon 97304

Bob Meyers, Olympia Brewing Co., Box 947, Olympia, Washington 98507

Elwood W. Ott, Seattle Engr. Dept., Room 910 Municipal Bldg., Seattle, Washington 98104 Tel. 206-625-2354

Larry L. Petersen, Metro, 410 W. Harrison, Seattle, Washington 98119

Mike Price, City of Tacoma Sewer Utility

Judy Riley, Metro

Bill Schow, Magic Valley Foods, Inc., P.O. Box 475, Rupert, Idaho 83350

W. T. Sparke, Gordner Engineers, Inc., 3rd & Cherrt, Seattle, Washington 93103

John d. Thomas, Metro Wastewater Management Commission, P.S.B., 125 Eighth Ave., Euguene, Oregon 97401

Bill Wittom, Mayor Rupert, Idaho 83350

Gary C. Young, P.E., City Engineer, City of Twin Falls, P.O. Box 1907, Twin Falls, Idaho 83301

Complete presentations of
- Purpose of study
- Project scope and methodology
- Findings, conclusions and possible alternatives

Statements presented by:

Bill Schow, Magic Valley Foods Inc.
    Opposed ICR. Supported #9 too - tax credit for ICR Payments.
Bill Whittom, Mayor, City of Rupert, ID
    Need industry in POTW - do not drive them to self-treatment
Mike Price, Chief, Sewer Utility Div., Dept. of Public Works, Tacoma, WA
    Opposed to ICR. Supported #12 - recover local share through proportionate user charges.

John Bonn, Nalley's Fine Foods, Tacoma, WA
Opposed to ICR. User Charge has quadrupled.
Robert Maguire, Agripac Inc. Salem, OR
Opposed to ICR. Supported #8 - circuit breaker.
George Houck, Dept. of Ecology, VA
Continue ICR, with administrative improvements
Gary Young, City Engineer, Twin Falls, Idaho
ICR has benefited the city.
Tony Harber, Consulting Engineer, Brown & Caldwell
Believes industry can estimate future POTW usage.
W. T. Sparke, Gardner Engineers, Seattle, WA
Supported #12 - abolish ICR and recover local share through proportionate user charges.

Written statements received from:

Unified Sewage Agency of Washinton County, Hillsboro, OR 97123
Opposed to ICR
Electro Scientific Industries Inc., Portland, OR 97229
Opposed to ICR
Hally's Foods, Hillsboro, OR 97123
Opposed to ICR

OLYMPIA BREWING COMPANY

POST OFFICE BOX 947 · OLYMPIA, WASHINGTON 98507 · 206/754-5000

October 27, 1978

Mr. Alan D. Brown
Coopers & Lybrand
1800 "M" Street, NW
Washington, D. C., 20036

Subject: ICR Review Study

Dear Mr. Brown:

After attending your public hearing for Region 10 in Seattle on 25 October, I would like to offer some thoughts on ICR and your current study.

First, picking alternatives from your list of sixteen, obviously No. 1 has the maximum positive impact on our financial health. Alternate No. 11 is also viable. Alternate 12, while outwardly attractive, would eliminate such practices as existed in Washington State whereby 15% of the local share was state funded without ICR. All other alternates have varying degrees of negative impact; most, in fact, more severe than the existing No. 15.

As food for thought, a couple of additional alternates might be considered:

1. Reduce ICR to 50% level with all monies to be retained in the local community under the existing ground rules.

Advantages:
- a. Softens impact on industry by 50%.
- b. Reduces effect of "double taxation".
- c. Keeps money in user's local community.
- d. Provides local funds for future replacements.
- e. Maintains method of federal funding of replacement cost.
- f. Encourages local POTW to treat industrial waste.
- g. Reduces many of the problems currently ascribed to ICR.

Disadvantages:
- a. Reduces cash flow to federal government.

2. Completely revise funding for waste water treatment plants. One method would be the establishment of a program similar to that used to pay for the Interstate Highway System. Under such a plan, all users, be they private, commercial or industrial, would pay into the federal trust fund based on usage. New plant construction would then be paid out of the fund. Administration would be relatively simple because it could be set up to be paid by POTW's on incoming flows. POTW's, in turn, would pass the charges through to their customers. Customers sending waste to a plant requiring special handling such as high BOD, suspended solids, or whatever, could be billed incrementally for levels above residential or community averages. The advantages are numerous:

   a. It is relatively simple.
   b. All users would pay based on usage
   c. Charges would be uniform nationwide.
   d. Treatment plant unit cost per gallon treated would not be a factor in funding. Thus, large users of small plants would not be penalized, nor would small cities, nor would cities in high labor cost areas.
   e. It removes the program from the general fund and puts the cost on users. If some "social value" is perceived in the program, general fund monies could be added thus reducing the user charge.
   f. Large users requiring special facilities would pay the direct cost of the extra or special facility.
   g. There would be an increase in cash flow to the treasury. This could perhaps be rebated in the form of a tax cut.
   h. It would encourage large user conservation thru a direct reduction in cost.
   i. By making cost uniform and fair, it would encourage large user connections to POTW's.

Among general comments is that the use of the word 'revenue' in "disadvantages" has a mildly negative connotation. What you are referring to is a return of loaned funds to the federal government that were collected from primary tax sources. While it represents an economic gain or loss to the government, it should not be considered as a source of revenue. It is not a tax.

Finally, your summation seems to show a concern about industrial participation in design phases. This has not been a problem for our local facility. We have been involved with all aspects of the concept and design phases that impact on our firm. I would guess, however, that industrial participation would tend to be inversely proportional to community size and POTW size.

Obviously, there are numerous approaches to the problem. It is at least worthwhile that the shortcomings in the present approach are realized and an attempt is being made to simplify the program and to lessen the burden on one specific group of taxpayers.

Yours very truly,

Robert I. Meyers

Robert I. Meyers
Asst. Plant Engineer

RIM:mcc

cc: Mr. John Pai
M.S. WY547
U. S. Environmental Protection Agency
401 "M" Street, SW
Washington D. C., 20460

overall

LAUNDRY
SERVICES

OCTOBER 27, 1978

MR. ALAN D. BROWN
COOPERS & LYBRAND
1800 M. STREET N.W.
WASHINGTON, D.C. 20036

DEAR MR BROWN:

AT THE OCTOBER 25, 1978 PUBLIC MEETING HELD IN SEATTLE TO ACCEPT COMMENTS ON THE ICR PROGRAM YOU INDICATED THAT LETTERS REGARDING THAT PROGRAM COULD BE SENT TO YOU.

I AM A PARTNER IN AND MANAGER OF OVERALL LAUNDRY SERVICES. OUR FIRM OPERATES A PLANT IN TACOMA, WASH. AND OUR HEADQUARTERS PLANT IN SEATTLE, WASH. WE EMPLOY ABOUT 250 PEOPLE AND USE ABOUT 170,000 GALLONS OF WATER DAILY IN SEATTLE AND 62,000 GALLONS PER DAY IN TACOMA. WE HAVE BEEN MEETING WITH SEATTLE METRO OFFICIALS FOR SEVERAL YEARS ON THE WHOLE SUBJECT OF WASTE WATER. THE FOLLOWING COMMENTS ARE BASED ON CONSIDERATIONS AT OUR SEATTLE PLANT ONLY. I CANNOT VIEW THE (1) ICR PROGRAM SEPERATELY FROM THE (2) PROGRAM THAT SETS UP THE CHARGES WE PAY FOR DISCHARGING OUR WASTE WATER TO THE METRO SEWER SYSTEM. ALSO INCLUDED IN OUR THINKING IS THE APPARENT REQUIREMENT WE FACE TO PUT IN SOME (3) PRE-TREATMENT EQUIPMENT TO TREAT OUR WASTE WATER FOR THE FUTURE. IT APPEARS WE WILL BE OUT OF COMPLIANCE ON GREASE AND OIL AND POSSIBLY SOME HEAVY METALS.

THESE THREE FACTORS TOGETHER REPRESENT A TREMENDOUS FINANCIAL COMMITMENT FOR US AND CREATE A GREAT MANY DIFFICULT PROBLEMS.

OUR SEATTLE PLANT IS IN A SERIES OF OLDER BUILDINGS ON LIMITED GROUND SPACE. FOR US TO INSTALL PRETREATMENT EQUIPMENT WILL INVOLVE SUBSTANTIAL BUILDING RENOVATION AND PROBABLY NECESSITATE OUR USING WHAT LITTLE "[illegible]" LAND WE HAVE AVAILABLE TO US. (THE COST OF LAND NEAR US IS ABOUT $7.50 PER SQ. FT). A CONSERVATIVE ESTIMATE OF COSTS TO BUY AND INSTALL THE EQUIPMENT IS $250,000. BASED ON COSTS EXPERIENCED BY SIMILAR INDUSTRIAL LAUNDRIES ACROSS THE U.S., OUR ANNUAL OPERATING COSTS WOULD BE APPROXIMATELY $80,000.

WE CURRENTLY PAY A CHARGE FOR HIGH STRENGTH DISCHARGE OF $[illegible]75.00 (FOR PERIOD [illegible] 10/13/78). THIS IS IN ADDITION TO OUR SEWER BILLING OF $[illegible] FOR THE [illegible] PERIOD. I HAVE NO REAL IDEA WHAT THE ICR CHARGES MAY EVENTUALLY AMOUNT TO.

222 YALE AVENUE NORTH • SEATTLE, WASHINGTON 98109 • 682-6666

THE SOIL WE PUT INTO OUR WASTEWATER IS WASHED OUT OF WORK CLOTHING WORN BY THOUSANDS OF INDIVIDUALS EMPLOYED BY PUGET SOUND BUSINESSES. OUR INCREASED COSTS MUST BE PASSED ON TO THESE BUSINESS. IF OUR COSTS BECOME TOO HIGH THESE BUSINESSES HAVE THE OPTION OF REQUIRING THEIR EMPLOYEES TO WASH THEIR GARMENTS AT HOME, OR ALTERNATIVELY OF PUTTING IN THEIR OWN CAPTIVE LAUNDRY. THIS WOULD RESULT IN THE SAME TOTAL LOADING OF CONTAMINANTS BEING PLACED ON THE METRO TREATMENT PLANTS, WITHOUT ANY USER CHARGES OR ICR CHARGES BEING REQUIRED.

OUR COMPANY UNDERSTANDS AND ACCEPTS THE NATIONAL AND LOCAL COMMITMENT TO CLEANER WATER. FROM OUR ANALYSIS AND DISCUSSION WITH OTHERS IT SEEMS EVIDENT HOWEVER THAT THE MOST EFFICIENT AND LOGICAL APPROACH TO CLEANING UP CONTAMINATED WASTE WATER IS TO DO IT THROUGH LARGE PUBLICALLY OWNED AND OPERATED TREATMENT PLANTS, THAT ARE SOPHISTICATED ENOUGH TO HANDLE THE ENTIRE CLEAN UP PROCESS.

1. IT WILL COST US MORE TO TRY TO TREAT WASTE WATER THAN IT WOULD METRO.

2. IF OUR COSTS GET TOO HIGH OUR CUSTOMERS HAVE ALTERNATIVES THAT WOULD RESULT IN THE SAME TOTAL LOADING ON METRO, BUT COMING FROM HUNDREDS OR EVEN THOUSANDS OF SOURCES AND WOULD THEREFORE BE UNCONTROLLABLE.

3. IF WE MUST PUT IN PRETREATMENT EQUIPMENT THEN WE SHOULD NOT HAVE TO PAY AN ICR CHARGE. THAT SEEMS TO ME TO BE TRUE "DOUBLE TAXATION".

I DON'T HAVE THE BACKGROUND TO REALLY INTELLIGENTLY CONCLUDE WHETHER ICR IS APPROPRIATE OR NOT BUT THE PROBLEMS CREATED FOR MY COMPANY AS WE FACE THE FUTURE RANGE OF WASTE WATER REQUIREMENTS, ARE SEVERE.

THANK YOU FOR THE OPPORTUNITY TO MAKE THESE REMARKS.

SINCERELY YOURS,

Travis Keeler

TRAVIS KEELER

TK/[illegible]

EXHIBIT V-1-10

SUMMARY OF PUBLIC COMMENTS RECEIVED BY C&L ON DRAFT REPORT

COMMENTS ON EACH RECOMMENDATION

Commentor	1. Eliminate ICR	2. EPA Pay for less capacity	3. Debt Service Thru User Charge	4. Trust Fund for Re-construction
National Assn. of Manufacturers	Agree	Disagree	Disagree	Disagree
National Food Processors Assn.	Agree	Neutral	Disagree	Limit to POTW, Eliminate Collectors and Interceptors
American Frozen Food Institute	Agree	Disagree	Disagree	Disagree
AMSA	Agree	Disagree not supposed to address growth control	Most members agree	Disagree (political problems)
City of Fall River, Massachusetts	Agree	Not Practical	Agree	Disagree (not practical)
State of Vermont	Agree	Disagree	Should be optional	Insufficient amount Collected to be of value
Campbell Soup Co.	Agree	Disagree	Disagree	Disagree
Penjerdel Corp	Agree	Disagree	Disagree	Disagree

NATIONAL ASSOCIATION OF MANUFACTURERS

NAM

RESOURCES & TECHNOLOGY DEPARTMENT
Energy
Environmental Affairs
Natural Resources
Science & Technology

December 6, 1978

Mr. Edward J. Donahue III
Project Manager
Coopers & Lybrand
1800 M Street, N.W.
Washington, D.C. 20036

Dear Mr. Donahue:

The Water Task Force of the NAM Environmental Quality Committee has reviewed a draft copy of the Summary Volume of the Study's Industrial Cost Recovery report.

The Task Force believes that Recommendation #1 to eliminate the Industrial Cost Recovery provisions of P.L. 92-500 has a solid foundation from the standpoints of both factual basis and logical conclusion. Both the assumptions on which Industrial Cost Recovery was based and the manner in which it actually operates, upon analysis justify the conclusion that it should be eliminated.

On the other hand, Recommendations #2, 3, and 4 are in the nature of speculative ideas without background in previous experience and without any basis for anticipating their impacts in actual practice. We strongly urge that these recommendations not be made by Coopers & Lybrand or by the U.S. Environmental Protection Agency. It has not been demonstrated that elimination of ICR necessitates any other substitute measure.

Although the draft Executive Summary alludes to user charges, (UC), the Task Force, does not believe that the subject is adequately considered. At page 4, it is stated that "the combined impact of UC/ICR can be very significant." This statement is made again at page 17.

At page 20, it is stated that "The combined impact of User Charge (UC) and Industrial Cost Recovery (ICR) is greatest on seasonal users for (for ICR), on industries paying for AWT (for UC and ICR) and in those cases where rates prior to UC/ICR were low due to treatment levels or promotional (declining block rate structures."

NFPA **National Food Processors Association**
1133 Twentieth Street N.W., Washington, D.C. 20036
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Agricultural and Environmental Affairs
Edwin A. Crosby, Ph.D.
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202/331-5967
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Assistant Director,
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December 6, 1978

Mr. Ed Donahue
Coopers & Lybrand
1800 M Street, N. W.
Washington, D. C. 20036

Regarding: Comments on the November 22, 1978 Draft Final Report of the Industrial Cost Recovery Study, Vol. 1 - Executive Summary

Dear Mr. Donahue:

Thank you for providing us with a copy of the above report. As requested at the November 28 Advisory Group Meeting, we are pleased to provide you with our written comments on it.

I. General Comments

A. EPA and Coopers and Lybrand

We commend the Agency staff and Coopers and Lybrand (C&L) personnel for their open-mindedness and willingness to work with all interested parties in the development of the report. The procedures followed were exemplary and should be followed by the Agency in the development of all of its future reports and regulations.

B. C&L Recommendations

1. We believe that the first recommendation is clearly supported by the information collected by C&L and contained in the body of the report. However, we believe that the other three recommendations are not supported by data and other information obtained by C&L. Accordingly, we suggest that Recommendations 2, 3, and 4 be given less emphasis by not listing them as firm recommendations. Rather, we suggest that if they are to be retained in the report they be listed in an appendix as "Discussion Items for Congressional Consideration."

Our suggestion is based on the fact that the focus of the study was not on how Congress should establish parity, limit POTW capacity, force water conservation practices on POTW users, or on how POTWs should be funded in the future. As stated on page 1, Coopers & Lybrand was required to "examine the efficiency of, and the need for the industrial cost recovery (ICR) provision of the Federal Water Pollution Control Act." The study C&L conducted clearly assesses the efficiency of and need for ICR. Thus, C&L has a sound factual basis for making a recommendation on ICR. However, the C&L study did not address the issues to which

Recommendations 2, 3, and 4 respond. Consequently, we do not believe that the report contains sufficient documentation to support Recommendations 2, 3, and 4.

2. We do not support the inclusion of C&L Recommendation No. 3 in the report, even as an item for Congressional discussion for we do not believe that funding of the local share should be subject to Federal regulation. Additionally, this requirement is not needed to force industrial users to conserve water. As stated in the C&L answer to Congressman Roberts' question No. 5, user charges and water costs are sufficient to achieve this objective for industrial users. We also believe that reduced water availability in many parts of the country plays a significant role in forcing water conservation. We also point out that Recommendation No. 3 could create additional inequities. For example, industrial users could be required to pay local debt service for sewers not used for transport of industrial wastes from the plants to the POTW.

3. C&L Recommendation No. 4 has the potential of having a greater economic impact on industrial users of POTWs than the current ICR program if the amount of the charge is increased substantially. While the C&L proposal appears reasonable, the possibility exists for different rates being set by Congress for residential and industrial users. Hence, we strongly suggest that this Recommendation be included only as a possible Discussion Item for Congressional Consideration.

Based on our members' experiences with local government, creation of trust funds of this type frequently results in use of the collected fund for other "temporary" purposes and when actually needed for the intended purpose may be unavailable. Furthermore, trust funds of this nature should not be created without clearly identified purposes, total costs, and community endorsement of the project.

C&L Recommendation No. 4 should also be modified to state that the charge should not be implemented until a treatment program has been developed and a maximum value for the fund established. The amount collected should not exceed a certain percentage of this maximum value.

Also, C&L Recommendation No. 4 should be modified so that an industrial user would be required only to pay that part of the fund which would be used to replace or build new POTWs and sewers which are used to treat and transport that plant's wastewaters. Sewers which serve only the residents of the area should not be paid for by industry contributions to the fund. Existing industry also should not be expected to pay for capacity or services which might be made available to competitors.

C. Effect of combined UC, ICR, and local Debt Service on Industrial Users should be stressed more heavily.

Throughout the report, the total effect of POTW wastewater treatment costs on industrial users should be stressed more heavily. The back-up data to the report clearly shows that seasonal industrial users of POTWs are paying more for wastewater treatment than self-treaters. This total cost effect should receive greater emphasis in the report.

D. Removal of ICR is only one way the high cost of seasonal industrial use of POTWs can be ameliorated.

We suggest that C&L discuss in the final report other methods, in addition to abolishment of ICR, for reducing the cost of industrial user of POTWs to restore the Congressional intent of encouraging dischargers of conventional pollutants to use POTWs. These other methods could include suggestions for modifying the existing operation and maintenance requirement.

E. We believe that the major reason Congress included ICR in PL 92-500 is that it did not want to subsidize industrial use of POTWs.

We believe that the report should point out more clearly that industry has been and would be paying its fair share without ICR, as implied in the second underscored statement on page 24.

II. Specific Comments

A. Recommendations

1. We support recommendation No. 1; however, we believe that the discussion of C&L's findings on the need for and the efficiency of ICR could be improved by expanding the comments on page 27.

2. We believe that if the other three items are to be included in the report that they should be placed at the end in an appendix. Also, we believe these other three recommendations should not be listed as recommendations, but as "Discussion Items for Congressional Consideration."

B. Page-by-Page Comments

1. We believe that the third paragraph of page 2 would be improved if the word "partly" is added between the words "and" and "relied". The sentence would then read "For that reason, the study team examined the intent of ICR, and partly relied upon simulation to identify how industry should act rather than relying solely on the data available at present."

2. On page 3 of the C&L report the statement is made that : "ICR has not served to control design and construction of excessive future capacity in wastewater treatment facilities." We agree with this statement. Our members' experiences conclude that excess or uncommitted capacity for industrial user of POTWs has been limited by the grant review process, rather than by ICR.

3. On page 5, we recommend that the following be added to the last sentence of the first paragraph: "; however, there have been localized effects due to the combined impact of ICR, user charges, and local debt service."

4. In the third paragraph on page 5, we believe that the social and economic objectives referred to should be specified. This paragraph should also specify which of the economic objectives were met and which social objectives remain to be fulfilled.

5. At the end of the first paragraph on page 6, we suggest that the sixteen alternatives that were presented for public comment be repeated for the reader's benefit.

Also on page 6, Recommendations 2, 3, and 4 should be removed from this section and placed in an appendix. We note that the language in Recommendation No. 2 is not the same as the language contained in Recommendation No. 2 on page 27.

6. On page 10, paragraph 2, it is stated that "possible alternatives to ICR as it is presently constituted were formulated and presented for public discussion and comment." While it is true that the alternatives were presented, no significant discussion of the alternatives was presented. Also, in-depth studies of each of the alternatives were not undertaken by Coopers & Lybrand. This was not part of the contractual basis for the study.

7. For purposes of clarity, the three issues addressed beginning on page 14 and ending near the bottom of page 16 should have individual headings such as No. 4 Parity; No. 2. POTW Capacity; No. 3. Water Conservation; and one that is not discussed, No. 4. Funding of Future POTW Construction, should be added.

8. In the underscored portion near the top of page 14, we question the use of the word "some" and suggest that the proper word should be "most". As modified, this sentence would read: 'The analysis indicates that for most medium or large industrial plants having compatible wastes it is least expensive in the long run to self-treat than to pay user charges and local debt service." At least this is true for seasonal food processing plants.

9. In the second sentence of the second paragraph on page 14, we suggest the addition of the word "partly" between the words "based" and "on". The sentence as revised would read, "This is based partly on several tax changes that were enacted after the passage of P. L. 92-500;"

10. In the underscored portion at the bottom of page 14, we believe that the word "few" is inaccurate with respect to seasonal food processing plants. Fully 60% of our members' plants utilize self-treatment systems. While in total,

it may be true that most industrial plants utilize publicly owned treatment plants for wastewater treatment, if possible, we would like to see this section modified to reflect the significant use of self treatment systems by the seasonal food processing industry.

11. At the end of the last paragraph of section a., concluding on page 16, we recommend that the following sentence be added: "However, the impact on POTW treatment capacity will be less than proportionate to the reduction in water usage because to a large extent the same quantity of pollutants will be discharged but in a more concentrated form."

12. In the underscored sentence at the top of page 17, we recommend that the words "average" and "alone" be inserted so that the sentence reads as follows: "The average economic impact of ICR alone to date is not significant, in most areas."

13. We recommend that the following be added at the end of the last paragraph on page 17: "; however, there have been localized impacts due to the combined effects of ICR, user charges, and capital requirements."

14. We do not agree with the finding stated in response to (A) of Congressman Roberts' second question on page 20. We know from our own experiences and are confident that the data in the wastewater treatment questionnaire returned by members of our industry and provided to Coopers & Lybrand clearly demonstrate that the cost to industrial users of publicly owned treatment works with established ICR and user charge programs are much higher than in other communities within the same geographical area. Possibly, the term "geographical area" has been misinterpreted. In our view, a geographical area should encompass the contiguous area in which the same commodity is processed. For tomatoes in California, for example, this would include the central and inter-coastal valleys. For corn and green beans, this would include the geographical area in which these commodities are processed in the mid-west. This would include significant parts of Wisconsin, Minnesota and Illinois. Certainly, the geographical area utilized to arrive at the finding should be identified. If our definition of geographical area is adopted, certainly there are examples in the data we have provided to show that some communities do indeed charge much higher costs for wastewater treatment than other communities in the area. Accordingly, disparities in wastewater treatment costs could affect employment opportunities and economic development.

15. With respect to C&L's response to Congressman Roberts' question No. 3 (page 21), we suggest that C&L make a projection of how many plants are likely to disengage from POTWs if ICR is retained. This information would be useful to the Congress in its future deliberations of the ICR requirement.

16. In response to Congressman Roberts' fourth question on page 21, we recommend that the finding be modified as follows: "It appears that medium or large sized industrial plants using a POTW ~~could~~ often pay more (over time) for wastewater treatment than do direct dischargers depending in some cases on the tax structure of the self-treatment alternative."

17. With respect to Congressman Roberts' question No. 5, page 21, we recommend that the findings be modified as follows: "ICR appears to have a role in encouraging conservation of water, but as an insignificant conservation factor to date, particularly relative to user charges, water costs and water availability."

18. The second underscored statement on page 24 and the accompanying analysis of it demonstrates that industry has not been receiving a "free ride" in POTW plant wastewater treatment costs. This fact should be emphasized in support of Recommendation No. 1 on page 27.

We appreciate this opportunity to comment on the Draft Final Report and urge your careful consideration of our comments on it.

Sincerely,

Jack L. Cooper

cc: Industrial Cost Recovery Subcommittee

AMERICAN FROZEN FOOD INSTITUTE
1700 OLD MEADOW ROAD, SUITE 100 · McLEAN, VA 22102
(703) 821-0770

December 5, 1978

Mr. Ed Donahue III
Coopers & Lybrand
1800 M Street, N. W.
Washington, D. C. 20036

Dear Mr. Donahue:

The American Frozen Food Institute (AFFI) is the national trade association representing processors of frozen food. AFFI members process more than 90 percent of the frozen fruits and vegetables and 80 percent of the prepared frozen foods marketed in the United States.

On behalf of its members, the American Frozen Food Institute would like to make the following comments regarding the Coopers & Lybrand study of industrial cost recovery (ICR) as mandated in the Clean Water Act of 1977.

AFFI would like to commend both EPA and its contractor, Coopers & Lybrand, for a job well done. The data collected on ICR payments, wastewater treatment costs and the economic impact of these costs is the most complete information gathered on these issues to date.

We specifically would like to take issue, however, with the fact that the ICR report not only makes a recommendation to abolish ICR, but includes three other unsolicited recommendations. The Congressional intent of the study was simply to determine the efficiency of and need for ICR payments by the industrial users of municipal treatment works. The real questions to be addressed by the study were whether or not ICR was a reasonable means of repaying the Federal share of municipal treatment works construction and its actual impact on industrial users according to Congress.

Recommendation number one addresses these questions and is supported by the report's data and analysis. AFFI agrees with the recommendation that ICR be eliminated.

We agree, also, that the problems of capacity, flow and funding need to be addressed, but believe that the Coopers & Lybrand study does not contain data pertinent to the recommendations made regarding these issues. Recommendations two, three and four are not based on the findings of the study. None of these recommendations resulted from the data collected by the contractor and do not fulfill the requirements of the ICR study as mandated by Congress.

We would suggest that the draft report be rewritten before submission to EPA to remove recommendations two, three and four.

Sincerely,

Hugh Symons

Hugh W. Symons
Research & Technical Services

HWS:jm

ASSOCIATION OF METROPOLITAN SEWERAGE AGENCIES
SUITE 200, 1015 18th ST., N.W., WASHINGTON, D. C. 20036 (202) 659-9161

MEMBER AGENCIES
Municipality of Anchorage, AK
City of Tucson, AZ
County Sanitation Districts of Orange County, CA
East Bay Municipal Utility District, CA
City of Los Angeles, CA
County Sanitation Districts of Los Angeles County, CA
Sacramento Regional County Sanitation District, CA
City of Sacramento, CA
City of San Diego, CA
City of San Francisco, CA
Ventura Regional County Sanitation District, CA
City of San Jose, CA
Metropolitan Denver Sewage Disposal District No. 1, CO
The Metropolitan District (Hartford County), CT
Miami-Dade Water and Sewer Authority, FL
Orange County Sewer and Water Department, FL
City of Tampa, FL
City of Atlanta, GA
City of Honolulu, HI
City of Boise, ID
The Metropolitan Sanitary District of Greater Chicago, IL
City of Wichita, KS
Louisville and Jefferson County Metropolitan Sewer District, KY
City of Baltimore, MD
Washington (D.C.) Suburban Sanitary Commission, MD
Metropolitan District Commission (Boston), MA
South Essex Sewerage District, MA
County of Wayne, MI
Metropolitan Waste Control Commission, St. Paul, MN
Western Lake Superior Sanitary District, Duluth, MN
City of Kansas City, MO
Metropolitan St. Louis Sewer District, MO
City of Omaha, NB
Bergen County Utilities Authority, NJ
Middlesex County Sewerage Authority, NJ
Passaic Valley Sewerage Commissioners, NJ
Albany County Sewer District, NY
County of Monroe, NY
Onondaga County, NY
City of New York, NY
City of Greensboro, NC
City of Akron, OH
Metropolitan Sewer District of Greater Cincinnati, OH
leveland Regional Sewer District, OH
City of Columbus, OH
City of Dayton, OH
City of Toledo, OH
City of Portland, OR
Unified Sewerage Authority of Washington County, OR
Allegheny County Sanitary Authority, PA
City of Philadelphia, PA
City of Nashville, TN
City of Dallas, TX
El Paso Water Utilities, TX
City of Forth Worth, TX
Gulf Coast Waste Disposal Authority, TX
Trinity River Authority, TX
City of Houston, TX
Hampton Roads Sanitation District, VA
Municipality of Metropolitan Seattle, WA
City of Tacoma, WA
City of Charleston, WV
Green Bay Metropolitan Sanitary District, WI
Metropolitan Sewerage District of the County of Milwaukee, WI

December 6, 1978

Mr. Edward J. Donahue, III
ICR Study Director
Coopers & Lybrand
1800 "M" Street, N.W.
Washington, D.C. 20036

Dear Mr. Donahue:

The AMSA staff has reviewed your draft executive report and has discussed the results of your ICR Steering Committee meeting of November 28th. With the staff comments contained in this letter we are submitting the responses of those members from which we have comments at this point. Together these documents are the preliminary response of the Association of Metropolitan Sewerage Agencies.

Our members have advised us that they agree with your first recommendation: eliminate ICR. Most of them have long believed that the ICR would not effectively realize the primary legislative intent behind the program, equalizing sewage treatment costs for direct and indirect industrial dischargers.

Your study reveals that this is the case. In fact, your finding that ICR requirements may make it economically more sensible to pull out of a municipal system and self-treat is a strong argument that the program has had exactly the opposite effect.

We are particularly gratified to find that your work supports our contention that the question of equity is not a major problem at all. More attention should be devoted to this point in your final summary. It deserves more than a parenthetical reference on page 3.

On page 5 of your summary you refer to "social" objectives as part of the original, overall legislative intent behind ICR. We assume this is a reference to those passages in P.L. 92-500 and the legislative history supporting it which are concerned with the political question of using tax dollars to fund a "free ride" for indirect industrial dischargers.

The appearance of using public money to subsidize industries served by grant-funded PCTWs could be a touchy political issue....if there was a factual basis for the contention. We believe there is not.

Would it not be simpler to marshal the evidence in your study to show that appearances are deceiving on this question and that, in reality, the public need not be worried about a misuse of federal funds in this way?

Allaying such fears with a cogent set of facts and conclusions is a much more effective way of dealing with the problem than is proposing "alternatives" to ICR. Why substitute something else for the program, when the basis for the program is unfounded?

After all, the so-called indirect dischargers pay federal and local taxes on the same basis as non-industrial users. EPA's pretreatment program is designed to bring the wastes discharged by industries in line with non-industrial flows. Once this occurs, industries will be getting the same service as non-industrial customers and the question of a "free ride" will be irrelevant.

In as far as the other three recommendations are concerned, we believe our members will object to including them in the final report. They address an entirely different issue. We find nothing in the legislative record of either P.L. 95-217 or P.L. 92-500 charging the study with the task of suggesting alternatives to the ICR concept as a method of growth control. To think of ICR as primarily or even secondarily a growth control mechanism is to confuse Congressional intent. ICR was not designed to accomplish this end.

The question of urban growth and excess capacity is, of course, one of legitimate concern to EPA, but ICR feasibility studies are the wrong forum in which to deal with it. It is our opinion that the questions of parity and capacity can best be dealt with under other provisions in the acts, existing regulations for the 201 grant program, and the 208 planning process.

We do not favor a final report to EPA that includes your last three recommendations. To confuse the issues of growth control with user equity will muddle the basic message of your work.

We hope that you will seriously consider a single recommendation in favor of eliminating ICR, together with strong arguments for this action, when you make your final report to EPA.

Sincerely,

Ron Linton

Ron M. Linton
Executive Director

RML:bel

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City of Fall River, Massachusetts

SEWER COMMISSION
ONE GOVERNMENT CENTER
Room 308

to: John Pai
MCD (WH-5
426-894

To: Alan Brown
Coopers &
Lybrand

December 5, 1978

Coopers & Lybrand
1800 M. Street N.W.
Washington, D.C. 20036

Attention: Mr. Edward J. Donahue, III

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Dear Mr. Donahue:

Naturally, we are pleased to see that the elimination of the Industrial Cost Recovery {ICR} Provisions of P.L. 92-500 is an integral aspect of the Coopers & Lybrand report recommendations to the U.S. Environmental Protection Agency {EPA}.

However, this recommendation indicates that the ICR provisions of the Federal Water Pollution Control Act had economic and social objectives which are assumed to be still valid, and which should be met. Said economic and social objectives should be clearly defined. The validity of such objectives may be determined only if they are clearly defined and understood.

Recommendation #2 the intent of which is to encourage more precise planning of wastewater treatment facilities, certainly appears to address this problem. However, we have certain reservations concerning this recommendation.

First, this recommendation, especially in Fall River, Massachusetts, re-opens an extremely [illegible] issue i.e. reserved, or if you like, non-reserved capacity. We feel this is a very sensitive area to be [illegible] and should be left alone.

Also, the existing law requires major industrial users { 10% of facility capacity} to contractually commit for the capacity reserved for the user in question. However, to require each and every industry to contractually commit for their capacity presents some problems.

City of Fall River, Massachusetts

SEWER COMMISSION
ONE GOVERNMENT CENTER
Room 308

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A very real problem would be the ability of any industry to make a commitment for a 20 year period. Considering the stability of today's economy, it is dificult for industries to formulate definite plans for tomorrow. This is especially true in the older urban cities of the Northeast.

Also, this appears to create further administrative tasks for the grantee. In Fall River's case, contracting with 65 wet process industries would prove to be an administrative headache. This would cost the Sewer Commission a substantial amount of time and money, which could be better spent insuring the successful completion of the wastewater treatment facilities.

The report indicates that ICR has not served to control design and construction of excessive future capacity in wastewater treatment facilities. Over design of facilities must be controlled in a comprehensive manner. Do not place the burden on the industrial user solely, address the problem of poor zoning and planning in the residential and commercial sectors as well. Proper planning to insure adequate, non-excessive design must encompass all sectors of a community.

Recommendation #3 is a very sound concept designed to insure the adequate collection and proper reduction of the debt service created by the wastewater treatment facilities. This concept also seperates collection of the debt service from the burden of the locial property tax revenues and does not allow for manipulation of the collected funds. Funds spelled-out and collected for a specific purpose will tend to serve this purpose.

It should be noted, that the collection of the debt service can be easily accomplished via the user charge system the City eventually adopts, but accounting for it is another story. The collected money would have to be accounted for and administered on a seperate basis. Thus, the administrative tasks associated with wastewater treatment would be greatly expanded.

Another drawback to the adoption of this recommended legislation is the federal government now becomes involved in the financing of the local share of the project. The financing of the local share of a project should be controlled by the grantee not the federal government. However, it does make good sense to account for the collection of the debt service seperate from local property tax revenues.

City of Fall River, Massachusetts

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ONE GOVERNMENT CENTER
Room 3[illegible]

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Categorically, the establishment of trust funds are distrusted by the general public. Trust funds have a tendency to breed manipulation and generally the intent of the fund is not met.

Trust funds are against the law in many states, not the least of which is Massachusetts. Since we would not be dealing with federal funds, federal law could not supersede in this case.

If implemented, this recommendation would just be creating another form of ICR, except the charge would be collected from all users. However, as far as industry is concerned a form of double taxation would still exist.

Realizing that we are dealing with the issue of Industrial Cost Recovery, it seems the report goes to great length to blame industry for poor planning and excessive design. Also, the report recommendations favor maintaining some form of ICR in an attempt to control design and construction of excessive capacity. Surely, the failure of the ICR provisions of P.L. 92-500 to satisfy the intent is not solely a reflection of industry. To attempt to resolve these problems in a piecemeal fashion would be a mistake. They must be addressed in a comprehensive, all-encompassing manner.

Finally, we have the following comments on the body of the report:

1. There are a number of references made to the fact of industry using publicly-owned [illegible] treatment systems. Industry certainly should [illegible] to be a segment of the public. They [illegible] support necessary to the [illegible] development of any city by providing [illegible] jobs to the public. They also paid [illegible] of money in taxes for the support and [illegible] of city services.

2. The figures relating to 50% of design capacity of 227 facilities surveyed is not [illegible]. Considering that we are dealing with [illegible] design period, if the average life of the facilities was in the range of 15 - [illegible] years, [illegible] the design criteria is in good stead and [illegible] demonstrate adequate control of [illegible]

City of Fall River, Massachusetts

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ONE GOVERNMENT CENTER
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Unless more data is prestented an accurate conclusion can not be formulated.

3. Page 4 of the report concerning ICR associated with secondary and advanced waste treatment systems is not that clear. This section of the report should be expanded to better explain the intent.

4. References to U.C., ICR, total cost, eligible cost, etc. should be more clearly defined so that they are understood as seperate entities.

Please advise, if you have any questions or desire any additional information.

Very truly yours,

Stephen W. Buckley

Stephen W. Buckley
Supervising Sanitary Engineer
Fall River Sewer Commission

SWB:cn
cc: John Gall, EPA
Joseph S. Rego Sewer Registrar

State of Vermont

AGENCY OF ENVIRONMENTAL CONSERVATION

Montpelier, Vermont 05602

DIVISION OF ENVIRONMENTAL ENGINEERING

Department of Fish and Game
Department of Forests, Parks, and Recreation
Department of Water Resources
Environmental Board
Division of Environmental Engineering
Division of Environmental Protection
Natural Resources Conservation Council

December 5, 1978

To: Alan Brown
Coopers & Lybrand

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Mr. John Gall
Municipal Facilities Branch
Environmental Protection Agency
Region I
John F. Kennedy Federal Building
Boston, Massachusetts 02203

Re: Industrial Cost Recovery Study -
State Comment

Dear Mr. Gall:

I would like to offer the following brief comments with respect to the four recommendations given and the draft report transmitted to our office in the November 29 letter from Mr. Peterson. We concur with and strongly endorse adoption of Recommendation No. 1 to eliminate the industrial cost recovery provisions of P.L. 92-500. Our experience in Vermont leads us to conclude there is little benefit gained from this provision of the act and that it operates as an impediment both to concluding planning necessary to building pollution control facilities and to the successful [illegible] of projects which treat both industrial and domestic wastes. [illegible] program efforts should encourage the construction of [illegible] plants which handle both industrial and domestic waste and the avoidance of constructing a multiplicity of treatment plants.

This office is generally in opposition to the [illegible] Recommendation No. 2 to limit EPA funding of the reserve capacity [illegible]. This recommendation seems directed at the [illegible]. First, we are of the opinion that [illegible] be built unless advanced waste treatment [illegible] water quality standards. [illegible] construction grant funds in [illegible] immediate need for advanced waste treatment. [illegible] with limiting the reserve capacity of treatment plants [illegible] funding of reserve capacity of treatment [illegible] in question provides for normal growth within the [illegible]. The actual construction cost of [illegible] to the cost of the entire project [illegible] building an added increment of capacity [illegible] becomes operational. A 10 - [illegible] more than the base [illegible] lot, fencing, earthwork [illegible] with increased hydraulic and [illegible].

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Campbell Soup Company
CAMDEN, NEW JERSEY 08101

December 5, 1978

Mr. John Pai
Municipal Construction Division
US EPA
WH 547
401 M St., S.W.
Washington, D.C. 20460

Dear John:

This is to confirm our telephone conversation. I wanted you to know that the draft Industrial Cost Recovery Study only reached my office after your meeting in Washington. This late delivery of mail may be a problem on some of the comments.

On this whole project, I have been pleased with the cooperation extended by you and members of Coopers & Lybrand in reviewing the development of information and having the opportunity to openly discuss matters as the project progressed.

From all the information I have reviewed that is part of the material provided to you plus my participation in meetings and and hearings, I agree with your recommendation one - eliminate ICR provisions of PL 92-500. The second most important thing, I believe, to come out of all of the data provided, is that there is a great disparity in user charges from community to community and that if Congress does not desire that disparity to continue, legislation is necessary to modify the present regulations. It would appear that the simplest means of reducing this disparity when a community desires to do so, would be for Congress to permit communities greater flexibility in developing user charges.

The major portion of the data supplied deals with user charges, and therefore the final report should discuss user charges in greater depth and the fact that just elimination of ICR will not eliminate disparity in total sewage charges nor necessarily encourage joint treatment which were the intent of Congress.

I urge that the final draft report have as its key recommendation the elimination of Industrial Cost Recovery as is already indicated and secondly, that alterations be provided in the user charges to further permit communities a reduction in disparity of costs.

The existing draft report places three recommendations on Page 6 on a equal priority basis as the first recommendation to eliminate ICR. I appreciate that it should be the Contractor's prerogative and also EPA's prerogative to make further recommendations, however, such recommendations should not receive the priority rating given in the draft's final report. Therefore, it would be most desirable to discuss this type of matter in some other section of the report.

Very truly yours,

Lou

L. C. Gilde
Director-Environmental Programs

LCG:bmn

cc - Mr. E. Donahue

THE PENJERDEL CORPORATION

THE TRI-STATE ASSOCIATION OF BUSINESS, INDUSTRY & PROFESSIONS SERVING THE DELAWARE VALLEY

OUR BUSINESS IS
THE DELAWARE VALLEY

December 5, 1978

Mr. Edward Donahue
Coopers & Lybrand
1800 N Street, N.W.
Washington, D.C. 20036

Dear Mr. Donahue:

I wish to offer comments on the INDUSTRIAL COST RECOVERY, DRAFT FINAL REPORT, EXECUTIVE SUMMARY, dated November 22nd, 1978, and prepared by Coopers & Lybrand.

The Environmental Improvement Committee (EIC) of the PENJERDEL Corporation consists of men having environmental control responsibilities in some 45 plants and corporate headquarters in the tri-state Delaware Valley Region. (The PENJERDEL Corporation itself has, with its sister organization the Greater Philadelphia Chamber of Commerce, some 2,441 members which are industrial and commercial installations in the Delaware Valley Region and within Philadelphia.)

Concerning the referenced Executive Summary (and the Oct. 20th public meeting held at the Benjamin Franklin Hotel in Philadelphia, which six EIC members attended), I would like to offer the following comments:

1. The EPA contractor, Coopers & Lybrand, is to be congratulated for having developed an exceptionally well-thought-out plan of study and for having executed it in the short time allowed to them.

2. We agree, from the information at hand, that ICR is not doing what it was originally intended to do, and will not accomplish it.

3. We do not sense from the Executive Summary that all the data does, in fact, point to the three recommendations 2, 3, and 4 made in the Summary by Coopers & Lybrand and which are, in effect, designated as "must" items (pp. 27-28).

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4. Thus the final three recommendations should be listed in the text merely as other things that might be considered should there be a desire on the part of Congress to do something other than merely cancel ICR.

5. From sentiments expressed at the Oct. 20th public hearing, we would believe there should be more attention paid to User Charges and the necessity of having User Charges with greater local discretion and flexibility. Central (EPA) establishment of rigid and uniform systems of applying User Charges would have severe restrictive drawbacks for municipalities having their own planning objectives which may differ widely from the objectives of other municipalities. To impose any rigid or uniform pattern upon them would rob them of freedom of action and freedom to plan.

Sincerely yours,

Jay Weidman ge

Jay Weidman, Vice Chairman (WATER) SubCommittee
Environmental Improvement Committee

JW/smm

cc: John Pai, EPA

EXHIBIT V-1-11

SUMMARY OF POTW COSTS

	TREATMENT LEVEL OF POTW		
(All Data are Averages)	Secondary	Advanced	Tertiary
Design Flow (MGD)	54	59	55
BOD (lbs/day)	102,449	114,908	113,284
SS (lbs/day)	120,021	130,642	98,400
% of design capacity used	68	75	73
Average Total Cost ($1,000)	67,950	72,769	89,614
Cost per MGD ($1,000) of design flow	1,241	1,287	1,628
Revenue Before ($1,000)	3,974	5,488	7,139
Revenue After ($1,000)	5,623	7,978	10,157
% increase (decrease)	42	46	42
O & M Before ($1,000)	2,354	3,062	4,682
O & M After ($1,000)	3,499	5,104	6,652
% increase (decrease)	49	67	42
O & M Cost per MGD (Design)	64	90	74
O & M Cost per MGD (Actual Use)	94	132	102
Debt Before ($1,000)	1,101	1,551	1,912
Debt After ($1,000)	1,161	2,204	2,386
% increase (decrease)	6	42	25
Debt Cost per MGD (Design)	21	39	27
Debt Cost per MGD (Actual Use)	31	57	37
Other Costs Before ($1,000)	389	353	592
Other Costs After ($1,000)	488	358	599
% increase	26	1	1
Other Cost per MGD (Design)	9	6	7
Other Cost per MGD (Actual Use)	13	9	9
Average Total Cost	5,148	7,666	9,637

NOTE: This data is based on data supplied to Coopers & Lybrand by grantees. Coopers & Lybrand has not audited the financial or statistical data provided us, and has relied on the accuracy of the data provided to us in making the calculations used to produce the statistics shown above. Since not all supplied all the requested data, the statistics produced must be used with caution. (Based on grantees providing both before and after responses).